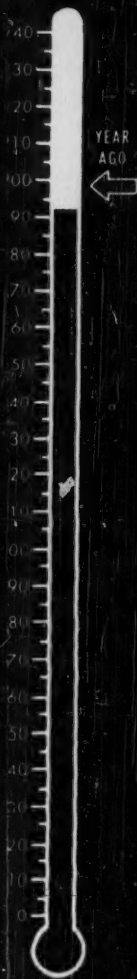


BUSINESS WEEK

JAN. 7, 1950

A MIDRAW-HILL PUBLICATION



S. W. Rolph: He starts off 1950 as the new Exide president (pages 6, 57)

BUSINESS
WEEK
INDEX

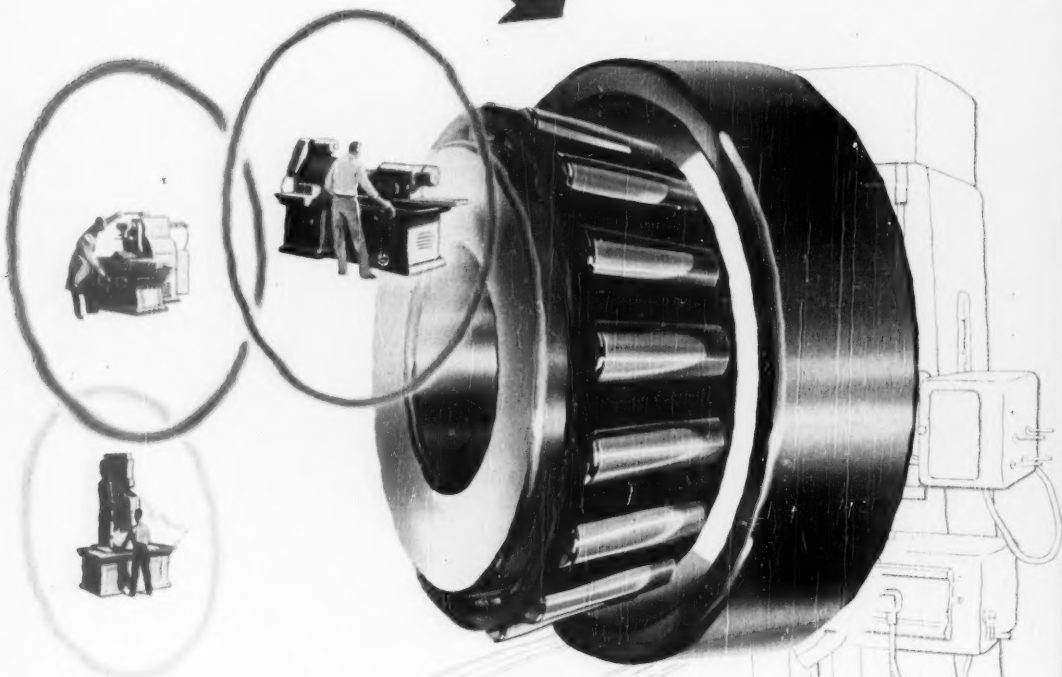
Retail Sales

FAST FINISH FOR A SLOW YEAR... PAGE 23

TWENTY-FIVE CENTS

BOWER BEARINGS ARE

SPHER-O-HONED



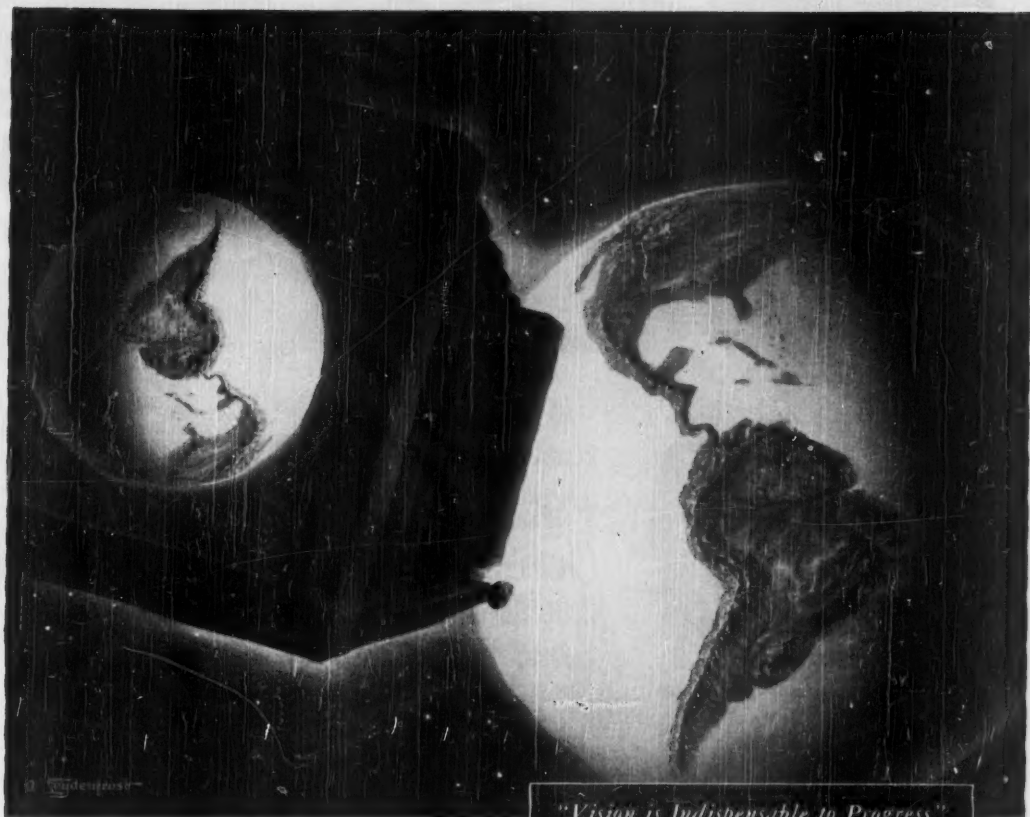
A HERITAGE OF PRECISION . . . FOR YOUR PRODUCT

There's a sort of "heredity" in industrial production, too. Wherever you find extreme accuracy in a product, you can be sure the parent machine itself was built to high precision standards. ☆ That is why modern machine tools, for example, so often come equipped with Bower Spher-O-Honed bearings. These finer bearings are designed and manufactured, from the very start, to the ultimate contour which they would otherwise acquire in the course of wear. Coupled with their exceptionally smooth surfaces, this eliminates run-out so detrimental to machine efficiency. ☆ In many other products—electric motors, cranes, lift trucks and the like—Bower Spher-O-Honed bearings are boosting production and cutting costs. They can do it for you.

BOWER ROLLER BEARING COMPANY • Detroit 14, Michigan

BOWER
ROLLER BEARINGS





"Vision is Indispensable to Progress"

The story of a 500-million dollar idea—found in a little black box

No, you can't photograph the earth from 50,000 miles away—yet! But you *can* do almost anything else with photography, from picturing the birth of an atom to catching Junior asleep under the beach umbrella...

A bright Sunday afternoon is a real challenge to the owners of America's 34,000,000 amateur cameras. For today, anyone can be enough of a physicist, chemist and artist to record on film whatever his eyes can see.

But amateurs account for only one-third of the photographic industry's \$500-million annual volume. Cameras and other photographic equipment are primarily *working tools* which contribute in a thousand ways to improved products, better health and greater knowledge.

The myriad uses of photography are the result of painstaking, costly and never-ending research.

Because of this research, scientists can now photograph *far more* than the eye can see—the stars on the very rim of the universe—the internal structure of the hardest metals—the "tracks" left by nuclear particles.

Your doctor has X-rays, internal color pictures and other photographic aids. Photographic evidence makes law enforcement easier. Microfilms simplify record-keeping.

Motion pictures have achieved outstanding success in the fields of training, education and entertainment. Even family snapshots and home movies are more en-

joyable because of photographic research.

Photography is used in almost every industry—for chemical, stress and motion analyses—to help make good products even better, increase production efficiency and lower costs of operation.

We need not fear for America's future as long as the people continue to dream of progress—and invest their brains, energy and money to make those dreams come true. Because America is *free*, it is the greatest nation in the history of the world for dreaming—for planning—and for *doing*.

BANKERS TRUST COMPANY
NEW YORK

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION



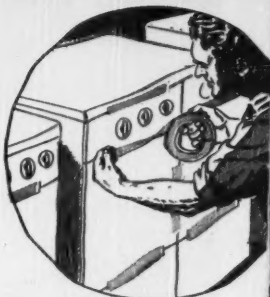
Whatever your business and money with



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Here are examples of
the 8 basic uses of
PERMACEL TAPES.

*Chances are Permacel
can do many of these
same jobs for you!*



HOLDING... here Permacel holds doors in place for shipment.



STENCILING... Permacel gives clean, sharp definition to numbers, letters.



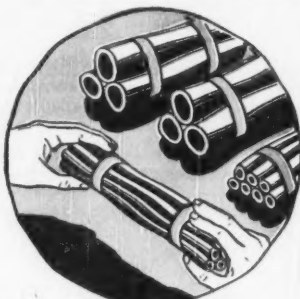
PROTECTING... Permacel protects machined metal surfaces against rust, abrasion.



PACKAGING... Permacel gives extra strength and a moisture-resistant



SEALING... here Permacel seals joints in ventilating ducts.

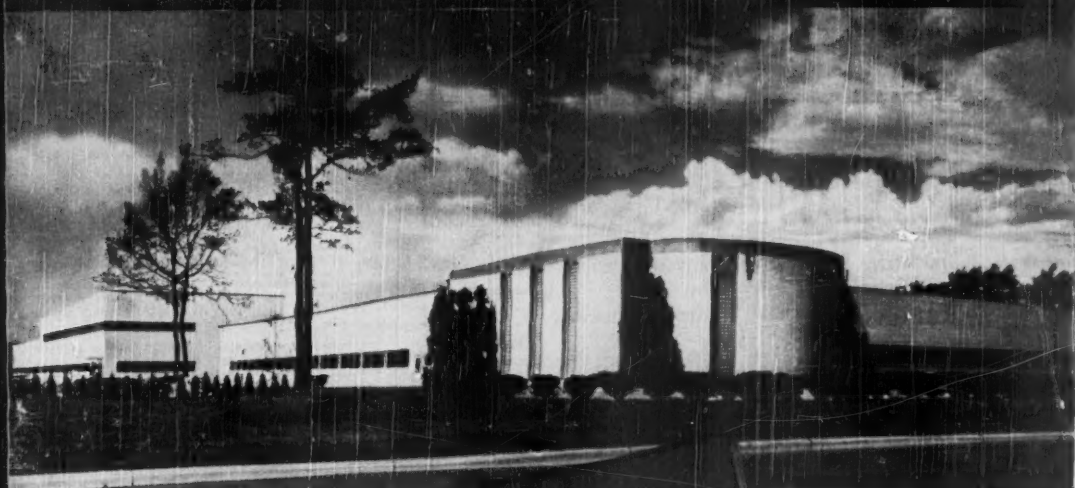


IDENTIFYING... colored Permacel makes identification of spare parts quick, easy!



REINFORCING... Permacel strengthens seams of leather goods.

you can save time, work Permacel!



Permacel's big, modern plant

turns out a complete line of industrial tapes! This complete line—including paper, cloth, acetate fiber and metal foil backings—should fill your every need. What's more, our technical representatives will be glad to come and help you choose the right tape for every job!



Send for this
free booklet

on the uses of
industrial tapes

Facts and pictures show how you can speed production, cut costs with Permacel. Drop a note—on your company letterhead, please—to address below for your copy.

Permacel

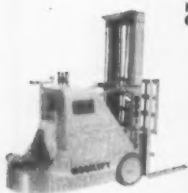
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INDUSTRIAL TAPE CORPORATION, NEW BRUNSWICK, N. J.



● Most industries find that economy in handling materials comes from a balanced program. The system used must move and stack materials in a fast, systematic manner at a low cost per ton.

The answer is in Mobilift's high degree of maneuverability. Compact in size, short in turning radius and with no gears to shift, it works smoothly and quickly in crowded areas and narrow aisles—lifting, moving and stacking with a minimum of lost motion. Get this balance of high efficiency and low cost in your own handling program by "Mobilization". One of our handling experts will be glad to explain Mobilift's cost-cutting advantages.



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BUSINESS WEEK

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BUSINESS WEEK • Jan. 7, 1950

1949 Was Another Good Year for Telephone Users



MORE SERVICE FOR MORE PEOPLE—Nearly 2,000,000 telephones were added to the Bell System in 1949. This meant service not only for many people who did not have a telephone before but it also increased the value and usefulness of your own particular telephone. You can call many more people—and many more can call you. There are now more than 50% more Bell telephones than at the end of the war.

BETTER LOCAL SERVICE—The over-all quality of telephone service continued to improve in 1949 and it keeps right on getting better. There's faster, clearer, more accurate service on millions of local calls.



IMPROVEMENTS IN LONG DISTANCE

Long Distance grew steadily better in 1949. The average time to complete out-of-town calls is now down to little more than a minute and a half. Nine out of ten calls go through while you hold the line. Over many routes, the Long Distance operator dials the distant telephone direct. It's faster, friendly, courteous service all the way.



275,000 NEW RURAL TELEPHONES were added by the Bell System in 1949. 1,300,000 have been added since the war—a truly remarkable record of rural development by the Bell System. Great gains were made also in the quality of service. Fewer parties on the line. Many thousands of new-type telephones put in. A higher proportion of our farmers have telephones than in any other country in the world.

CONTRIBUTION TO PROSPERITY—All of this expansion and improvement in telephone service provided work and wages for many people outside the telephone business.

More than \$1,000,000,000 was put into new facilities. Western Electric—the manufacturing unit of the Bell System—bought from 23,000 different concerns in 2500 cities and towns throughout the country.



BELL TELEPHONE SYSTEM—The best and the most telephone service at the lowest possible price.



New... a postage meter for everybody!

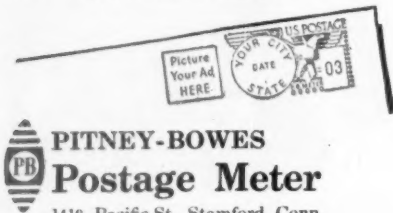
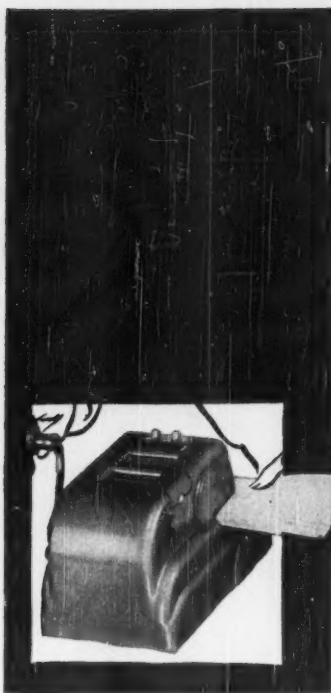
The new *desk model* meter gives even a one-desk office the convenience, economy and prestige of *metered mail*!

No larger than a dial phone... PB's new DM *prints* any value of postage—for any kind or class of mail—including parcel post!... also prints a dated postmark, and optional postmark ad.

All you do is dial your postage and press the lever. To seal envelope, slide flap through built-in moistener.

And your postage is completely protected from theft, loss, damage... is accounted for automatically!

The low-cost DM brings any business the postage meter's speed and convenience—plus the prestige of the modern meter stamp... Is ideal for use in branch offices... can handle mail in some home office departments that find it impractical to use the firm's central mailroom... is useful in executive offices for confidential mail, or getting out letters long after the mailroom may be closed! Phone or write for *free illustrated booklet*!



1419 Pacific St., Stamford, Conn.
World's largest makers of mailing machines
...offices in 93 cities in the U.S. and Canada.

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THE COVER

For 43 of his 60 years, Samuel Wyman Rolph has been in the storage-battery business. This week he reached the pinnacle of that business: the presidency of Electric Storage Battery Co., the biggest company in the field.

• **Canadian-Born**—Rolph was born in Ottawa, Canada, in 1889, and emigrated to the United States in 1904. Two years later he went into the electrical supply business on the West Coast, and soon began attracting attention as "a born battery salesman."

By 1916 his reputation was such that he was offered a post with the San Francisco office of Willard Storage Battery Co., an ESB subsidiary, and two years later moved to Willard's home office in Cleveland. He became vice-president of Willard in 1929, general manager in 1931, president in 1941. He was also elected vice-president of the parent company in 1940, and executive vice-president in 1944.

• **Education**—Rolph didn't have much time for formal education as a boy: He never finished his junior year in high school. And he feels the lack as "a hole in my life that had to be filled." So, for years (except for the recent war years, when he didn't have time), Rolph has taken at least one course of study a year. Mostly, these have related to business, sales, psychology, and industrial relations. Right now he is studying French, plans to take Spanish next.

Rolph lives in Germantown, just six minutes' drive from his North Philadelphia office. One son, S. Wyman Rolph, Jr., is with Willard in Cleveland; his other son was killed in the war.

Rolph is an active Episcopalian—a vestryman of his local church and a member of the national council of the Brotherhood of St. Andrew. His hobby is photography; he does his own developing and printing. He plays golf occasionally, thinks that in another 25 years he may be able to break 100.

—Cover photograph by Dick Walters.
Complete story on Electric Storage Battery Co. starts on page 37.



Tomorrow's Truck Today... For Every Kind of Delivery Job

THE EXCLUSIVE new design of the White 3000 permits better maneuverability and roadability... new driving ease... time and driver energy savings. It permits greater body capacity in the same over-all truck length... saves time in traffic and in every phase of delivery service... more deliveries at lower cost per unit delivered. Its power-lift cab is saving hundreds of dollars in maintenance costs.

Ask your White Representative for a demonstration of the exclusive quality features of the new White 3000 that mean extra-earning power.

THE WHITE MOTOR COMPANY

Cleveland 1, Ohio, U. S. A.
THE WHITE MOTOR COMPANY OF CANADA LIMITED
Factory at Montreal



FOR MORE THAN 50 YEARS THE GREATEST NAME IN TRUCKS

YOU CAN BE **SURE**.. IF IT'S
Westinghouse



*Another
Life-Line First!*

The Broadest Exchange Plan!

Since February, 1949, Life-Line motors have offered you the broadest exchange plan in industry. All 1 to 20-hp, single-phase and three-phase a-c motors in frame 203 to 326 are included. No other manufacturer of motors—large or small—provides exchange service that compares in scope to this new Life-Line Motor Exchange Service.

120 Westinghouse exchange points assure you rush motor replacement service anywhere in the United States. Replacement motors, covered by this plan, are in stock, ready to be speeded to you at any time.

And what's more, if a motor fails during warranty period, it may be exchanged *free* for a motor of identical rating. The exchange price, beyond warranty, is not dependent on the time in service . . . one year, five years or ten years.

This service is one more advantage you get with Life-Line motors. Add this to all-steel construction . . . pre-lubricated bearings . . . an indicated savings of \$750 per year per 100 motors . . . and you'll see why Life-Line has gained leading acceptance in the motor industry.

Complete details on the Life-Line Exchange Service—lists of exchange points and motor ratings covered—are given in the new booklet SM-5243. Get your copy today from your nearby Westinghouse representative or write direct to Westinghouse Electric Corporation, P. O. Box 868, Pittsburgh 30, Penna. J-21533

Westinghouse
Life-Line
Motors



BUSINESS OUTLOOK

BUSINESS WEEK

JANUARY 7, 1950



Businessmen this week must feel a bit like well-battered tenpins.

They had been set up by the Council of Economic Advisers' and Commerce Secretary Sawyer's soft words on business last week. But they were set up only to be flattened by Truman's State of The Union message.

But, then, these are political days. Such things must be expected.

Business, for its own part, is off to a good enough start in 1950.

The Federal Reserve Board's index of industrial production at the turn of the year apparently stood at about 175 (1935-39=100).

The midsummer slump had pushed the index down to 162. Then it snapped back to 174 in September, only to be depressed to 166 by the steel and coal strikes in October. (November rallied to 171.)

Vigor now marks most lines of activity. The boom in autos, textiles, building, and television is well known. And this week steel operations were above 96% of capacity; that is the highest in about eight months.

Only coal and carloadings, of the standard indicators, are lagging.

Spectacular activity in autos tends to steal the show.

The motor car makers are building up to an output rate that will equal the highest levels of record-breaking 1949.

Yet the industry will do well to come within half a million units of the 6¼-million cars and trucks produced in 1949.

Meantime, the television people talk of building over 3½-million sets in 1950—as many as they turned out from 1945 through 1949 combined.

Often cited is the way record business in autos and construction sustains other lines. Here's an example:

Flat glass has been booming. Libbey-Owens-Ford, for example, posted record sales of around \$130-million for 1949.

And L-O-F's president, John D. Biggers, thinks volume will continue good. Among his reasons are the larger windows that are going into autos, residences, and other types of construction.

Late-1949 records in home building turned the tide strongly in favor of the lumber manufacturers. Recent production has been well ahead of 1948; new orders, up as much as 25%, topped output.

Housing is right up against some intricate price-and-cost problems.

A very great number of the people who can scrape up \$8,000 and up for a new house—or \$75 a month and up for rent—have done so. This is beginning to push down asking prices, both for sale and for rent, in older and less desirable houses. This, in turn, will affect new houses.

Before long, builders will have to be satisfied with more reasonable markups. But, after that, how much can the cost of homes be pared?

The Producers' Council, Inc., manufacturers of building materials and equipment, says materials will be plentiful in 1950. But the organization predicts little, if any, drop in building costs.

Labor becomes an increasingly important cost factor as the home builder tries to produce cheaper dwellings.

The fact is, cost of on-site labor is not a constant factor. It takes

BUSINESS OUTLOOK (Continued)

BUSINESS WEEK

JANUARY 7, 1950

relatively fewer on-site man-hours per \$1,000 of cost to put up a \$50,000 home than it does a \$10,000 one.

For example, a Bureau of Labor Statistics study shows that about 40¢ of the building dollar goes for labor in a \$5,000 house; on-site labor gets only about 31¢ on the dollar in the range above \$10,000.

Demand for nonferrous metals looks good, at least through the first quarter. But there is a puzzling situation: Copper seems much stronger, relatively, than either lead or zinc.

Copper use continues well above 100,000 tons a month. That necessitates imports of 30,000 to 40,000 tons monthly.

Lead demand is good, but not startling. Producers are beginning to clamor for putting on a tariff again. They aren't too sure they will have theirs their own way by summer.

In zinc, a price rise seemed in order. A move from 9 $\frac{3}{4}$ ¢ a lb. up to 10¢ was started. But one producer refused to go along. Up to midweek, it was a split market; but most of the business was at 9 $\frac{3}{4}$ ¢.

Production of tires for both passenger cars and trucks will be smaller this year than last. But there still will be a big market.

Demand for replacement tires probably will be up. That's simple arithmetic—more cars on the road.

But the number of new cars turned out this year could be off from 5% to 10%, and trucks about 20%. That means quite a reduction in the number of original-equipment tires.

And cars sold this year will average smaller, their tires lighter.

An infant American industry has grown until it needs price support.

Tung nuts, from which a quick-drying paint oil is squeezed, are now a 66,000-ton crop. That's up from 53,000 two years ago and the largest ever. And tung nuts were hardly known here two decades ago.

Gulf state congressmen got the nuts under price support in the 1949 farm law. Now supports at 60% of parity—\$60 a ton—have been set.

Laying hens are to be discouraged. With 2% more hens, egg output has been up as much as 7%. So eggs' support price will drop to 75% of parity.

Eggs, supported at 45¢ a doz. in 1949, will get 37¢ in the 1950 program.

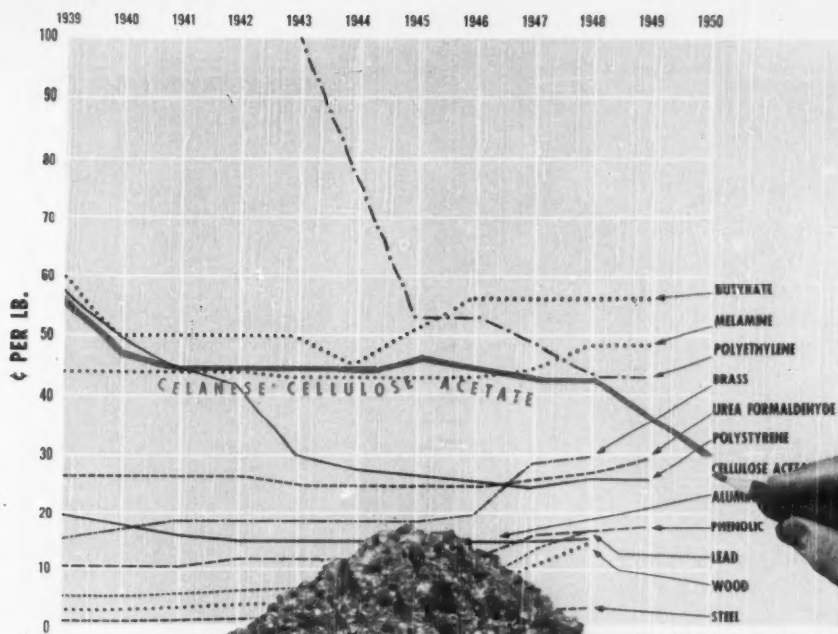
However, with feed plentiful and relatively cheap, lowering the support level won't necessarily cut production.

It may result only in as many eggs as ever and at cheaper retail prices.

Another postwar threat to American export trade has arisen. Africa is coming up rapidly as a grower of cigarette tobacco.

Interestingly, most of the growth is in areas under Britain's wing. And we count on Britain to buy about 300-million lb. of flue-cured tobacco from us annually (more than 25% of the big 1949 harvest).

Africa's output of flue-cured before the war averaged under 35-million lb. a year. In the 1949-50 season, about 120-million lb. will be grown. Southern Rhodesia, with over 80-million lb., is the biggest producer.



From Modern Plastics, September, 1949

LUMARITH^{*} (ACETATE) PLASTIC... PRICED THE LOWEST IN ITS HISTORY

The new low price of Lumarith will be good news to manufacturers of products that require maximum plastic quality without the penalty of high cost.

Lumarith is cellulose acetate—tough, shatterproof, machinable, fast-molding and free from objectionable odor. Lumarith can be molded with thin cross sections at consequent saving in weight and cost, and still produce products that are tougher. Breakage in shipment, counter damage and dust attraction, rejects and returns and customer dissatisfaction are practically unknown with Lumarith.

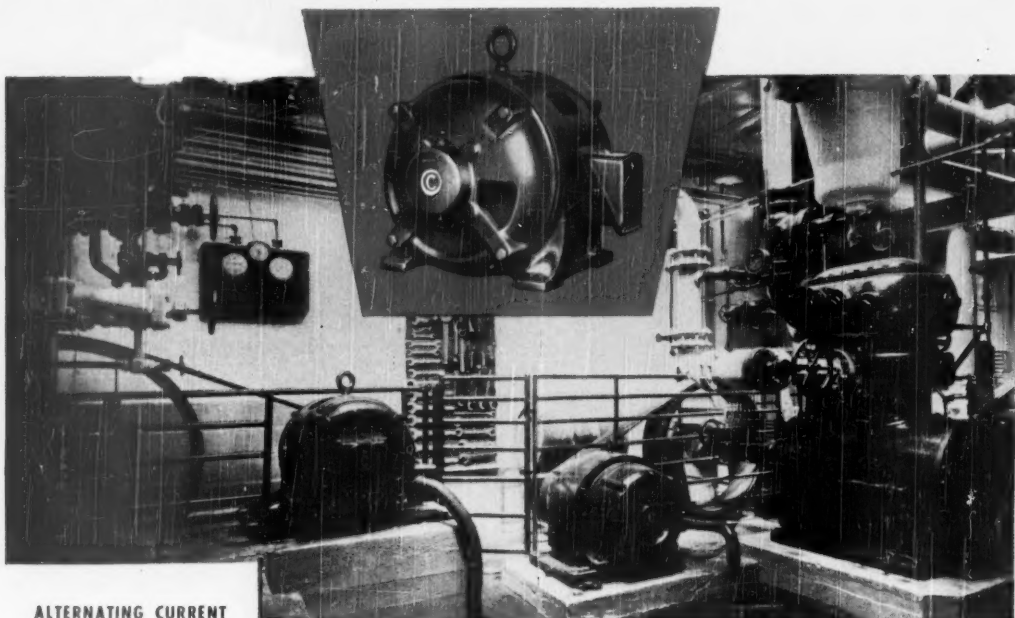
Lumarith is easier to machine—to punch, drill, cut and cement without danger of stress crazing and fractures.

We invite you to show this advertisement to a Celanese representative and ask him to substantiate it with case histories and price data.

Celanese Corporation of America, Plastics Division, Dept. 29-A, 180 Madison Avenue, New York 16, N. Y.

Celanese^{*}
PLASTICS

*Reg. U. S. Pat. Off.



ALTERNATING CURRENT MOTORS

POLYPHASE

Squirrel Cage Induction —
1/4 to 400 H.P.
Wound Rotor Motors —
1 to 350 H.P.
Synchronous Motors —
20 to 150 H.P.

SINGLE PHASE

Split Phase Induction —
1/4, 1/2, 1 H.P.
Capacitor — 1/4 to 20 H.P.
Repulsion Start, Brush Lifting,
Induction — 1/2 to 15 H.P.

DIRECT CURRENT MOTORS

1/4 to 300 H.P.

GENERATORS

AC, 500 Watts to 300 KVA
DC, 250 Watts to 200 KW

MOTOR GENERATOR SETS

AC to DC, AC to AC
DC to DC, DC to AC

*Open Protected, Splash Proof,
Totally Enclosed Fan Cooled,
Explosion Proof*

Ball Bearing motors are factory lubricated for several years' normal service. Bearing housing construction permits easy re-lubrication when unusual service demands it.

Century 100 horsepower and 125 horsepower type SCH motors driving refrigeration compressors. Also in this room are 3 Century 75 horsepower motors which have been operating more than 15 years without a shutdown.

For Operating Your Refrigeration Compressors

SPECIFY *Century* TYPE SCH MOTORS

**with HIGH STARTING TORQUE
and LOW STARTING CURRENT**

Century type SCH, squirrel cage motors are the ideal power supply for refrigeration compressors because they have the ability to start heavy loads with low starting current.

This means that it is never necessary to over-motor the compressor to get the starting torque needed. In fact, compared to a general purpose motor, it is often possible to substitute a Century type SCH high starting torque motor of the next lower horsepower rating.

In addition, Century motors are known for their ability to operate smoothly and quietly throughout their long service life. They are built in a wide range of types, in sizes from 1/4 to 400 horsepower for every refrigeration, air conditioning and air circulating requirement.

Popular types of standard ratings are generally available from factory and branch office stocks.

CENTURY ELECTRIC COMPANY

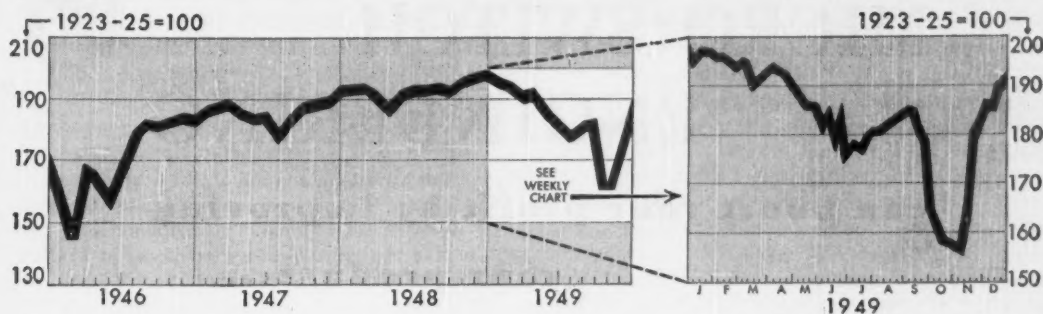
1806 Pine Street, St. Louis 3, Missouri
Offices and Stock Points in Principal Cities

SPECIFY



for all your electric power requirements

FIGURES OF THE WEEK



Business Week Index (above)

\$ Latest Week	Preceding Week	Month Ago	Year Ago	1947 Average
192.3	119.7	184.9	198.3	162.2

PRODUCTION

Steel ingot operations (% of capacity).....	96.1	93.1	91.7	97.8	97.3
Production of automobiles and trucks.....	110,319	116,567	72,994	81,968	98,236
Engineering const. awards (Eng. News-Rec. 4-week daily av. in thousands)....	\$30,236	\$27,996	\$36,077	\$24,857	\$19,433
Electric power output (million kilowatt-hours).....	5,493	5,994	5,743	5,562	3,130
Crude oil and condensate (daily average, 1,000 bbls.).....	4,996	4,995	5,106	5,665	3,842
Bituminous coal (daily average, 1,000 tons).....	1,507	1,453	2,387	1,956	1,685

TRADE

Miscellaneous and Lc.I. carloadings (daily average, 1,000 cars).....	63	66	68	79	86
All other carloadings (daily average, 1,000 cars).....	40	40	55	50	52
Money in circulation (millions).....	\$27,765	\$27,833	\$27,542	\$28,325	\$9,613
Department store sales (change from same week of preceding year).....	+14%	+1%	-5%	+32%	+17%
Business failures (Dun & Bradstreet, number).....	109	196	221	128	228

PRICES (Average for the week)

Cost of Living (U. S. Bureau of Labor Statistics, 1935-1939 = 100), Nov.	168.6	.....	168.5	172.2	105.2
Spot commodity index (Moody's, Dec. 31, 1931 = 100).....	347.9	347.4	345.6	394.7	198.1
Industrial raw materials (U. S. Bureau of Labor Statistics, Aug., 1939 = 100)....	223.0	223.3	227.6	279.4	138.5
Domestic farm products (U. S. Bureau of Labor Statistics, Aug., 1939 = 100)....	298.4	297.9	297.7	311.7	146.6
Finished steel composite (Iron Age, lb.).....	3.837¢	3.836¢	3.705¢	3.720¢	2.396¢
Scrap steel composite (Iron Age, ton).....	\$26.25	\$26.58	\$27.92	\$43.00	\$19.48
Copper (electrolytic, Connecticut Valley, lb.).....	18.500¢	18.500¢	18.500¢	23.500¢	12.022¢
Wheat (No. 2, hard winter, Kansas City, bu.).....	\$2.21	\$2.21	\$2.35	\$2.27	\$0.99
Sugar (raw, delivered New York, lb.).....	5.68¢	5.74¢	5.72¢	5.73¢	3.88¢
Cotton (middling, ten designated markets, lb.).....	30.70¢	30.61¢	30.08¢	32.21¢	13.94¢
Wool tops (New York, lb.).....	\$1.780	\$1.766	\$1.747	\$1.698	\$1.281
Rubber (ribbed smoked sheets, New York, lb.).....	18.19¢	17.94¢	17.16¢	19.00¢	22.16¢

FINANCE

90 stocks, price index (Standard & Poor's Corp.).....	132.9	132.1	129.8	120.1	78.0
Medium grade corporate bond yield (Baa issues, Moody's).....	3.26%	3.29%	3.34%	3.50%	4.33%
High grade corporate bond yield (Aaa issues, Moody's).....	2.58%	2.58%	2.60%	2.75%	2.77%
Call loans renewal rate, N. Y. Stock Exchange (daily average).....	11-11%	11-11%	11-11%	11-11%	1.00%
Prime commercial paper, 4-to-6 months, N. Y. City (prevailing rate).....	11-11%	11-11%	11%	11-11%	4-8%

BANKING (Millions of dollars)

Demand deposits adjusted, reporting member banks.....	48,259	48,254	47,648	47,794	127,777
Total loans and investments, reporting member banks.....	67,425	67,412	66,839	62,751	132,309
Commercial and agricultural loans, reporting member banks.....	13,904	13,864	13,775	15,561	116,963
Securities loans, reporting member banks.....	2,207	2,073	2,249	2,002	11,038
U. S. gov't and gov't guaranteed obligations held, reporting member banks....	37,473	37,657	37,248	32,987	115,999
Other securities held, reporting member banks.....	5,058	5,054	4,978	4,205	14,303
Excess reserves, all member banks.....	860	850	700	1,058	5,290
Total federal reserve credit outstanding.....	19,379	19,508	18,267	24,113	2,265

*Preliminary, week ended Dec. 31.

†Revised.

‡Date for "Latest Week" on each series on request.

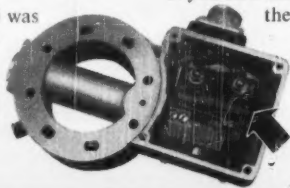
††Estimate (BW—Jul. 12 '47, p. 16)

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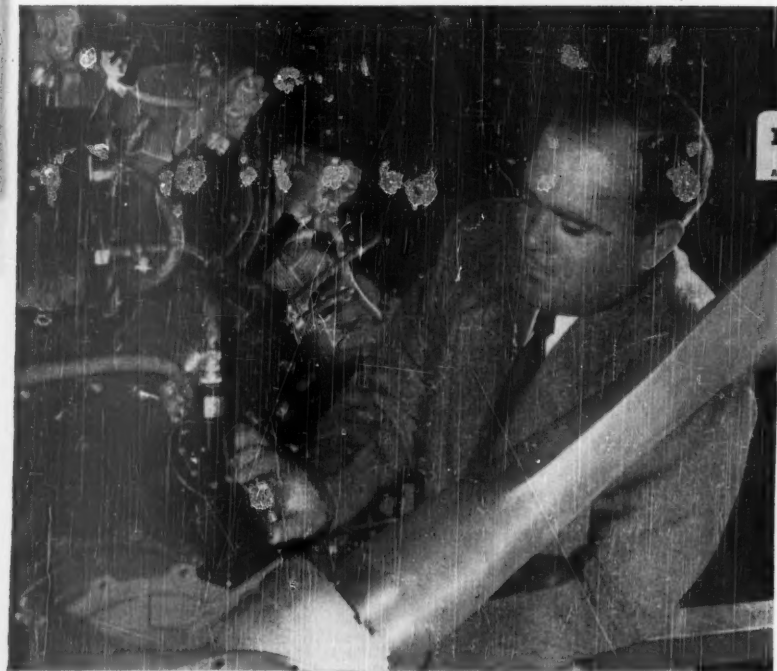
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WASHINGTON OUTLOOK



A MORE PROLABOR NLRB is likely as a result of a coming Truman appointment.

There's a vacancy on the board; that gives Truman a chance to weight the board further for labor and against management.

In the past, the board has split along this line: Murdock and Houston, pro-labor; Reynolds and Gray, pro-management. Chairman Herzog held the balance of power and usually used it to side with his pro-labor colleagues.

But Gray is out now. His term expired a few weeks ago, and Truman made it known that he will not be reappointed.

The unions pressuring the White House think Truman will put another pro-labor man on the board. Man most talked about is G. L. Patterson, attorney for CIO's Rubber Workers Union at Akron.

ECCLE'S RESIGNATION is rumored again. But you should discount it. He is more likely to stay on the reserve board and fight it out with Treasury Secretary Snyder than to resign to run for the Senate.

Lilienthal's successor as AEC chairman may be one of the present members, Sumner Pike or Gordon Dean. It's easier for Truman to pick another member from the outside than a chairman.

Girard Davidson generally is given the inside track for Under Secretary of the Interior. He's an Assistant Secretary now and an aggressive pusher for public power. Second in the odds is Assistant Secretary William Warne.

FTC POLICIES will rate more attention from businessmen in the months ahead.

The commission will get a new member, to fill the vacancy left by the death of Commissioner Davis. And keep in mind that two of the four sitting members were only named last year: Mead and Carson, both on the liberal side.

Most often mentioned to fill the Davis seat is Creekmore Fath of Texas, an ardent Truman man.

Thus, a majority of FTC soon will be "new hands"; they will be in a position to determine commission policy.

This is bound to make for uncertainty, and it comes at a time when FTC may rise in importance. Chances are good that Congress will vote it the power to pass on mergers involving the buying up of assets, as well as of stock.

MORE AID FOR HIGHWAYS will be authorized before this session of Congress adjourns—aid for 1951 and later.

The present program of \$450-million yearly, passed out among the states on a dollar-for-dollar matching basis, expires June 30, 1951. But Congress must act this year, so state legislatures meeting next January can make their new plans.

Prospect is that the program will be boosted to upwards of \$800-million yearly, with funds granted to the states on a two-for-one or even a three-for-one basis where big interstate highways are involved.

Congress will be liberal-minded on highways in an election year; road building is popular.

APARTMENT BUILDING is likely to get less government aid this year.

The 1949 boom in apartments resulted largely from Section 608 assistance—FHA insurance of mortgages up to 90% of estimated costs on big rental projects.

Chances are that Congress will let this authority expire Mar. 1, or at least tighten it up.

One reason: the growing signs that apartments are being overbuilt in some areas, especially in the upper rental levels. Another: the reports of abuse under the liberal mortgage-insurance policy.

You may see a congressional investigation—to find out if FHA has insured mortgages for more than 100% of actual costs, and thus handed some project backers a profit before they ever moved a tenant into their buildings.

SYNTHETIC-RUBBER PLANTS may be offered for sale to private industry this year.

A recommendation that the government sell at least part of its synthetic capacity now is being drafted within the Administration.

The question of whether to "denationalize" the industry has to be faced by Congress in the next few months. Government plants now are operated under a stopgap law enacted in 1948. It expires in June, and the long-range policy recommendations are slated to go to Congress this month.

In the end, the government will hold on to part of its plants, and offer the balance to private buyers. But industry will not be free to use natural as it chooses; use of some synthetic will continue mandatory.

Communist advances in the Far East are a

WASHINGTON OUTLOOK (Continued)

threat to the natural rubber supply, and any plan finally adopted will keep the synthetic industry strong as a safeguard.

And watch for a requirement that only part of government plants put up for sale can go to big business. Small business will be cut in for a share.

WHAT'S EXPECTED OF BUSINESS in the "Fair Deal" scheme of things now is freshly stated in an official White House document.

It's the annual report of the Council of Economic Advisers, and it's separate from the economic report to Congress. It has Truman's O.K., so it ranks as a top policy statement.

Much has been made of the conciliatory tone toward business, the friendly spirit and the lack of baiting. The words are reassuring, and are so intended.

But you should look beneath the surface at the underlying philosophy. The implications are clear.

The essence of it is simply this:

It's up to businessmen to assure maximum production and employment for the future, and thus avoid any depression.

To do this, business must expand, both plant and production, and at a fast enough rate to make jobs for the growing labor force.

And businessmen must so manage their wage and price policies as to create enough buying power to make a market for the rising output.

But if businessmen don't do this job the way the government thinks they should, then the government will step in and force the expansion—do it itself, if necessary.

One way is liberal government financing of expansions. Another is government building and even operation of plants. Both are much talked in the inner circles.

It isn't said as bluntly as that, of course. The soft words in the report put the emphasis on persuasion and leave the threat of government competition unspoken. But it is there.

GOVERNMENT'S ROLE, as the council sees it, is to give an over-all direction to the economy—point the way for business, even tell it what to do.

- For example, the council finds that the current trend in government attitude toward business is "away from the purely negative or policing function toward the affirmative or facilitative ap-

proach." Things are too complex for government to "function best" by merely putting up "don't" signs.

So apparently, if government is to function at its best, it must begin putting up "do" signs.

- Government policies are to be reshaped, to create a more favorable climate for business growth—provide more incentives.

But the council is vague on just how and when this is to be done. And there is no indication that it involves any lightening of the total tax load or any retreat from welfare aims.

BUSINESSMEN'S ROLE is set forth by the council in somewhat more specific terms.

- They should embrace the government plans for expansion and take the long-range view that serious recessions or depressions can and will be avoided.

- They need to become better educated on how the economy works.

For example, if businessmen foresee a decline, the normal tendency is to retrench—cut back on production, delay investment plans. The council notes that the cumulative effect of such action can be serious. But if businessmen accepted the view that the long-range trend is up and stayed out of the storm cellars, then serious declines would be avoided.

- Businessmen should take more part in government. They shouldn't stay on the outside just because they are outnumbered by workers and farmers.

THERE'S POLITICS IN IT, of course—both party and personal.

Keyserling wants to be chairman of the council—fill the Nourse vacancy. The conservative tone of the report will combat opposition keyed to his "leftish" reputation.

Democratic politics are involved. Independent voters can tip the scales in close elections, so the report woos them.

Then, there's the matter of campaign money. The business vote is small, but business is an easy-to-reach contributor.

But there is much more to it than the politics. Truman and the men around him are convinced that the policy will avoid a business bust in the future. They want the cooperation of business—on their terms. And they think they can force it, over the long pull, if it doesn't come voluntarily.

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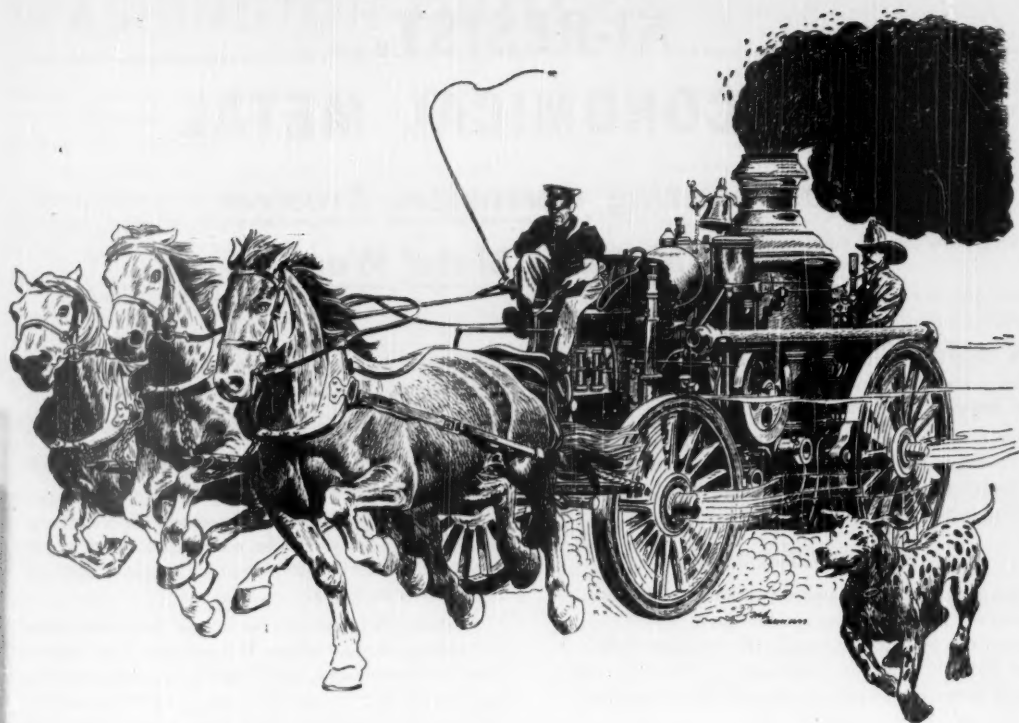
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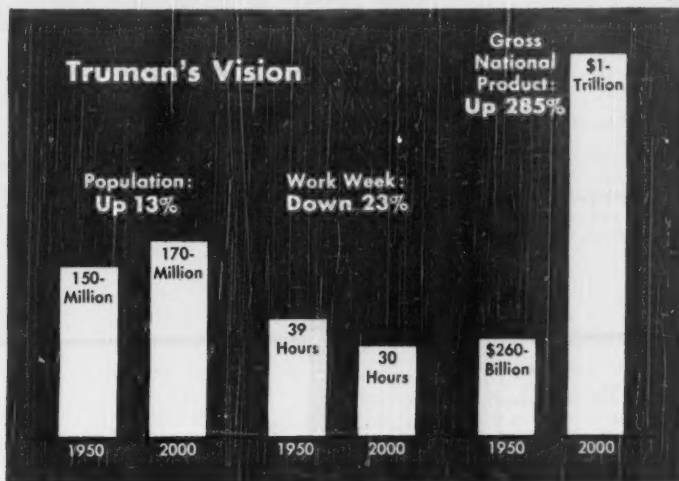
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ALL TYPES OF STEAM GENERATING, FUEL BURNING AND RELATED EQUIPMENT

BUSINESS WEEK

NUMBER 1062

JANUARY 7, 1950



AFTER 50 YEARS: more goods for a few more people. This is Truman's . . .

New Appeal for the Fair Deal

It's what you need to keep the economy growing, says Truman's State of The Union message. But what he offers is the same program as last year—plus some aids for small business.

Truman's State of The Union message this week was mostly old stuff to Congress. It was another appeal for the "Fair Deal" program of spending, lending, taxes, and social benefits—this time as the way to a trillion-dollar (\$1,000,000,000,000) economy a half-century hence.

A plan to aid small business was Truman's closest approach to a fresh idea, and even it was stated vaguely.

In all, Truman asked for more than 20 pieces of legislation. By the week end, it was clear that Congress will pick and choose. And it was also clear that, as in 1949, many of the major measures will be discarded, to become campaign issues later.

I. For and To Business

No one takes seriously Truman's request for a tax rise to help cut the deficit. Even his own leaders think the most Congress will do will be to make up the revenue loss it causes by cutting the some wartime excises. And it will do this by plugging loopholes.

Truman will detail his own tax plans later. He wants about a \$2-billion rise.

The excise taxes with the best chance to be cut are those on furs, cosmetics, luggage, jewelry, transportation of freight and passengers, and communications.

Of course, there will be tremendous pressure for lower rates on other things, including office equipment. But Congress will have to draw the line somewhere. It won't make a clean sweep.

• **For Small Business**—The idea of financial aid to small business met a more favorable response. Truman did not spell out what he has in mind. But the White House plan calls for creation of a system of regional capital banks—an old TNEC idea. The capital would be subscribed, at least in part, by private banks, with the government guaranteeing them against loss. The system would make loans to small business, and would supply equity money by buying nonvoting preferred stocks.

It's too early to say whether Congress will take this plan or liberalize RFC loan terms. But Congress likes the idea of helping small business.

• **Against Big Business**—There was a familiar ring to what Truman had to say on antitrust. Specifically, he called for

final action on the House-approved bill to control mergers by purchase of physical assets; it has a good chance in the Senate. He promised to send up other antimonopoly proposals before the session ends—but it's not certain that he will; the Administration is split on how far regulation can go without actually preventing desirable competition.

• **More Housing**—Truman's proposal to help middle-income families get homes is also filled with controversy. The emphasis is on government help in financing co-op projects. The fight will come on the method. Prospect now is that Congress will drop the idea of direct government loans, will limit assistance to liberal insurance of mortgages.

Rent control got a plug in the message, but continuation of it for another year faces a tough fight.

• **More Power**—Truman's plans for public power are on a somewhat larger scale than in the past. He proposed that Congress vote a TVA-like development for New England hydro power and for the Columbia River, O.K. the long-pending St. Lawrence project. But this year Congress is likely to confine public power to existing systems and extension of transmission lines.

II. High Policy and Politics

There was disappointment in Congress over Truman's remarks on foreign policy. Members had hoped for clarification of the Far East situation—and they didn't get it.

In Europe, the policy stands unchanged. Congress will bicker over ECA money, but it won't change the direction.

Nothing new was added to the Point 4 program. Truman asked again for legislation on technical assistance and on Export-Import Bank guarantees for investments abroad. He will get it.

• **New Appeal**—Truman used a friendly tone with Congress. But he didn't back down from previous proposals and controversies. The new case he made for the Fair Deal was that it would make possible tremendous economic growth over the next 50 years:

A fourfold rise in the value of national production—a trillion-dollar economy. A threefold rise in average family income, from about \$3,000 to \$9,000. A vastly higher living standard. Hundreds of thousands of new and independent businesses.

• **Old Blocs**—As in the past, Truman angled many parts of his legislative program toward the big voting blocs which

Fair Deal Scorecard

Action in 1949

Last year Congress put through part of President Truman's welfare program, ignored most of his labor and tax proposals.

Likely in 1950

This year the Truman-sponsored measures at the right have a better than even chance of passing.

Not Likely This Year

Some Fair Deal measures will almost certainly hold over until next year. They will be campaign issues, may pass in 1951 if the Fair Dealers gain in Congress.

Welfare And Civil Rights

Old-Age Insurance—Tax rates allowed to go to 14% in 1950. No change in coverage or benefits.

Housing—Authorized 810,000 public low-rent units in six years. Slum-clearance funds also voted.

Old-Age Insurance—Tax in 1951 will go to 2% on first \$4,200 of income. Benefit payments up, too.

Housing—Easier credit for middle-income homes (\$7,000 to \$10,000), special credits for co-ops.

Aid to Education—Grants of \$300-million a year, with aid to religious schools for health, buses.

Civil Rights—Southerners will beat FEPC bill. Anti-lynching and anti-poll-tax bills stand a chance.

Health Insurance—Campaign talk won't put across British model. (Chances fair for some kind of federal aid in 1951.)

Taxes And Spending

Budget—Truman got \$43.5-billion to run government in fiscal '50. Fixed defense spending at \$15-billion.

Taxes—Cut in excises, but Truman might veto if revenue isn't made up elsewhere.

Budget—Budget will run about \$43-billion again. Defense ceiling lowered to \$13-billion by Truman.

Taxes—General tax revision has no chance until after election.

make up the political structure of the nation—farmers, unions, the aged, minority groups.

• **Farmers**—He said the farm price support program which the Democratic Congress put through last year was inadequate. Though he didn't mention the Brannan Plan, Truman gave it what amounted to an endorsement. But Congress won't switch to it now. It's a campaign issue.

• **Unions**—The labor unions were courted in customary fashion. For them, Truman again asked repeal of Taft-Hartley; it won't be voted. He added a request for bigger unemployment compensation, covering more workers; it

isn't likely Congress will get to this either.

• **The Aged**—Truman wants the Senate to act on the House-approved bill increasing old-age pension benefits and coverage under social security. By implication, he invited business to help push this bill through as a way to reduce the pressure for private pensions. The bill does have wide backing—and a good chance.

The old plan for government medicine, a compulsory insurance system, was revived. But Congress won't get around to it this year.

• **Minorities**—The President stepped right into the middle of the row over

civil-rights legislation. But Congress probably won't enact any of this program. Although anti-lynch and anti-poll-tax bills have a chance, Truman has laid them aside in favor of FEPC, which has much strong opposition. It's a political move.

Aid for education got a fresh plug, but Truman took no sides on the real controversy—whether it is to be limited to public schools or is to include parochial schools. This was deliberate, for it is politically hot.

• **Science**—Truman made a plea for at least one measure that seemed to tie in directly with his look-ahead to the America of 50 years from now. That's

Labor	Farm	Business Controls	Foreign
<p>Minimum Wage—Upped to 75¢ an hour; some workers removed from coverage.</p>	<p>Price Supports—Brannan Plan rejected by Congress. New law keeps farm prices at wartime levels.</p> <p>Farm Storage—Congress paid off big election debt by voting storage for surplus crops.</p>	<p>Export Controls—Extended to June, 1951.</p>	<p>Foreign Aid—Congress voted \$5.6-billion for ECA, Germany, Japan, Korea.</p> <p>Atlantic Pact—Defense alliance with West European nations created.</p> <p>Arms Aid—Set up \$1-billion fund for munitions for Atlantic Pact countries.</p>
<p>No Action</p>	<p>Price Supports—Politicking will be the rule. Slight chance of trial run on Brannan Plan.</p> <p>CCC Funds—Congress will ante up money needed to buy surplus crops to keep farm prices up.</p>	<p>Antimerger—FTC may get power to ban monopolistic mergers.</p> <p>Easier Credit—Congress will back freer RFC lending to small businesses, may even vote scheme to give them equity capital.</p> <p>Delivered Pricing—Odds favor Senate approval of O'Mahoney bill. (But Truman may veto to kill Robinson-Patman changes.)</p>	<p>ECA-Hoffman will get within \$200-\$300-million of scheduled \$2.7-billion for Europe.</p> <p>Point Four—Congress will vote: (1) funds for technical aid; (2) authority to Export-Import Bank to guarantee loans abroad.</p>
<p>Unemployment Insurance—No increase in present benefits is in the cards, at least until after election.</p> <p>Taft-Hartley Repeal—Campaign ammunition for Democrats. Future changes in law depend on voters at polls this fall.</p>	<p>Brannan Plan—Election will call the turn on this, especially if farmers vote more Truman men into the House.</p>	<p>Industry Expansion—Plans for federal building of steel capacity will be kept ready for use as make-work idea.</p>	<p>ITO—Approval of International Trade Organization will be held up again.</p>

the National Science Foundation bill, much favored by government and private scientists as a method of getting federal sponsorship for non military research and federal scholarships for outstanding students.

III. Also on the Docket

Comprehensive as the message was, it said nothing about several bills of importance to business.

Repeal of the oleomargarine tax was the first order of business as the Senate returned to its chambers after the message and got down to work. The House already has voted it.

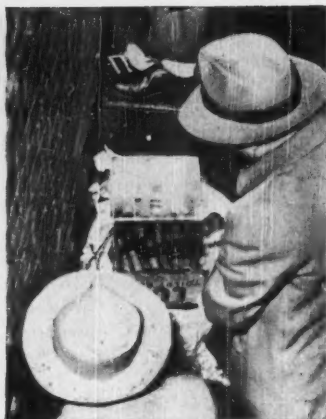
• **Delivered Prices**—The O'Mahoney delivered-pricing bill—to legalize individual use of freight absorption and delivered pricing—is fixed for Senate consideration Jan. 20. A conference version has already passed the House, and Senate approval would send the bill to the White House. But the bill as written includes amendments to the Robinson-Patman anti-price-discrimination act. These are the center of hot controversy and may touch off a filibuster by such antimonopoly senators as Long, Kefauver, and Douglas.

• **Price Supports**—The Commodity Credit Corporation is running low on money for farm price supports. Con-

gress will authorize it to use another couple of billion to help keep prices up. This is for buying some surplus commodities and for loans on other commodities in storage.

• **Highways**—Present law on highway construction and repair requires 50-50 matching of federal grants by the states. Congress may change the ratio to 75-25 this year for funds used to build and repair the 40,000-mile main national highway network.

Some postal rates may be changed as a gesture toward ending the Post Office deficit. Penny postcards may go to 2¢; parcel post and newspaper and magazine rates may go up some.



SHOTGUN and heelprint, and some . . . DYNAMITE are no help in question . . .

Who's After the Reuthers?

It's important to management, for one of the nation's biggest unions has been plagued by crime for 20 months. Despite a \$241,000 reward, the shootings and bombing remain a mystery.

At 7:30 on the rainy night of Dec. 20, a phone jangled in the city room of the Detroit Times. When Reporter Jack Pickering answered it, he heard a voice whisper one sentence: "There's dynamite in the UAW Building."

Then there was a click, and silence. • **Hoax?**—Five minutes later, Pickering gingerly began a quick search of the headquarters of the United Auto Workers (CIO). He found nothing. Neither did the police, whom he had called to help him. The phone call began to look like a hoax.

Two hours later a UAW maintenance man spotted a Christmas-wrapped package in an arceway at the rear of the brick building. Inside it lay 39 sticks of dynamite, taped into a bundle. Two fuses had burned out—one a bare eighth of an inch away from the charge. Police figured that only the drizzling rain and some bungling in setting the fuses had prevented an explosion.

• **Oddities**—There were three odd things—and one very important thing to business—about this episode. First, it was the third major crime attempted against the UAW or its leaders in 20 months. Second, like the other two crimes, this was a near-miss—a total or partial failure. Third, this week it was as far from solution as the two major crimes and several minor crimes which preceded it.

What's important to management is this: For nearly two years the topside of one of the largest and most influential unions had been hounded by

violence. It seems incredible that anyone—even if he's as tough as the Reuthers—would remain unshaken after shotgun blasts and dynamite. Thus, management has to live and bargain in a setting fraught with jitters. For how can the Reuthers and the UAW calm down any? Who knows where the next blow might strike?

• **Start**—This series of baffling yet unsuccessful crimes against the union started with a shotgun blast on the night of Apr. 20, 1948. That shot was fired at UAW President Walter P. Reuther through the window of his home. Though he was standing a bare 15 ft. away, he suffered only a badly mauled arm instead of death.

• **The Second Attack**—Thirteen months later—on May 24, 1949—violence struck again. It was almost a carbon copy of the first crime—a shotgun blast through the window of a house. This time the intended victim was Victor Reuther, Walter's brother and UAW educational director. Once more the gunman (if it was the same man) failed. Instead of killing Victor, he shot out his eye.

Rewards of some \$241,000 await the person who can unlock the mystery of these assaults. And a whole army of sleuths—would-be and actual—are trying desperately to collect. Yet up to this time, not one hot lead has turned up.

• **The Clues**—Why? Because nobody has been able to make enough sense out of the clues to make them lead anywhere. Thus:

The shots fired at the Reuther brothers and the attempted dynamiting

of the UAW building all happened on Tuesday nights, late in the month. That might mean that the criminal—if it is the same criminal—has free time only in those periods, works the rest of the time. (Or might it be a preoccupation with astrology and its possible effect on Tuesdays? Or could it be deliberate—a gimmick to send police up blind alleys?)

• **Was It Red?**—Second, the man who shot Walter Reuther late at night supposedly fled in a red car. But nobody is even sure that the red car—if it was red—was the getaway auto.

Third, every effort was partly botched. Neither of the Reuthers was killed; the dynamiting fizzled. Might that mean an amateur hand? Some crime experts say so. They say that no professional gunman would fire a shotgun through a window pane with murder in mind; its shot would probably scatter. Also, an expert dynamiter knows that out in the open 39 sticks would not destroy a building; it would only blow a hole in the wall and break some windows. Other experts say that this does not necessarily follow. A shotgun is a highly lethal weapon at short range, as every gangster knows; if aimed just right, it can take a human head right off. Moreover, both Reuthers were hit with Double O buckshot from a 12-gauge shotgun—a pretty wicked combination.

• **Shotgun and Footprint**—The fourth clue seemed to be one of the most solid—at first. It was the shotgun used in the attempt to kill Victor Reuther, which the gunman dropped in his haste to get away. It was a Stevens, one of a model which had been produced only in limited quantity. All the buyers of that handful of guns were checked—and none could have had any conceivable connection with the crimes.

The fifth clue was a footprint left under the blasted window of Walter Reuther's home. But the footprint has never led anywhere. The inside word now: It was made by a press photographer taking a picture through the window.

• **More Questions**—The dynamiting itself raised a whole new batch of questions. Was the "bomb" really planted when the phone call came through to Pickering? And why was he told about it anyway, before the blast went off? Was the whole thing a diversionary move, just to raise such questions and provide another short-lived, blind-alley clue? The fuses might have been deliberately rigged to snuff out.

Another thing: There was no similar tipoff in the previous crimes. Does that mean that there are two separate criminals or rings—gunners in one, dynamiters in the other?

• **Possible Suspects**—Such as they are, those are the major clues. In them,

maybe, lies the answer to the \$241,000 question: Who is after the UAW and its leaders? Take a look at the possibilities—and see how possible they are:

Walter Reuther himself has said that his shooting was the work of "Communists, die-hard employers, or a screwball." Nonunion theorists add a few more broad categories: racketeers, a labor or even a feudal enemy of Reuther (not necessarily a Communist), a disgruntled UAW rank-and-filer. In other words, it might be almost anybody.

• **Communists or Management?**—One trouble is that none of these categories seems to make much sense, for one reason or another. Police are beginning to drop the idea that the Communists were responsible. The reason is that all three attempts were botched; the Communists, at least by tradition, are more adept in their plottings. Moreover, the shootings have tended to make martyrs of the Reuthers and UAW—something which left-wingers don't like.

Likewise, the idea of management-inspired crime is far-fetched these days. However aggressive an employer may think the UAW is, he would hardly dare the consequences of murder and arson—and in any case would hire professionals to do the job right. One possible, but slim exception: some small shop owner who feels he is a victim of some random UAW tactic.

• **Racketeers or Cranks?**—Racketeers? Highly unlikely. Walter Reuther has proclaimed UAW objections to numbers playing, but has never conducted a crusade that would make him a target. And Victor isn't even on record in the matter. Moreover, this grievance would give the criminals no reason to bomb UAW headquarters. Finally, gangsters are professionals who would have done a better job of rubbing the Reuthers out.

A crank, or a secret society member? Possibly; but if so, he has covered his tracks beautifully. Also, he hasn't followed the general crank pattern of bragging about his activities.

• **Feudists? Well—Feudists?** The clues seem to be most solid here. The Reuthers come from the West Virginia hills—traditional feuding country.

There's a big catch to the feud theory, too, however: Reuther's family history shows no record of feuds. Moreover, no parallel attempts have been made on the Reuthers' father, a union organizer in his younger days, or on any other members of the family.

• **Bogged Down**—None of these facts have led the police very far toward a solution of the crimes. They have arrested one man, charged him with the shooting of Walter. But he was in jail when Victor was shot, and when the dynamiting was attempted. And that's where the whole thing stands—bogged down.

Department Stores Had a Merry Christmas

Federal Reserve Districts	Percent Change in Dollar-Volume From 1948, for . . .		
	Week Ended Dec. 24	Four Weeks Ended Dec. 24	Jan. 1 Through Dec. 24
Atlanta	+22	+4	-3
Boston	+15	+2	-1
Chicago	+12	-1	-6
Cleveland	+10	-2	-7
Dallas	+18	0	-5
Kansas City	+25	+5	-5
Minneapolis	+21	+6	-4
New York	+12	0	-7
Philadelphia	+10	-1	-5
Richmond	+13	+3	-2
St. Louis	+12	+2	-5
San Francisco	+12	+1	-6
U. S. Total	+14	0	-5

Late Buying Rush Did It

An unexpected boom in sales in the final week or two brought department stores' total Christmas business up to or beyond 1948's record. One result: fewer clearance sales this month.

For department-store operators, the table above is lovelier to look at than a Rembrandt painting. Its figures add up to this conclusion: Christmas, 1949, was just as big a success dollarwise as Christmas, 1948.

• **More Goods**—Only the most sanguine merchants had expected the holiday season to be that good. They'd have been happy if Yule sales had come "pretty close to 1948" (BW-Dec. 3 '49, p68). So they're really elated that dollars held even with the preceding Christmas—which means, of course, that over-all unit sales forged ahead of 1948, since prices were lower on many items this season.

The big shopping rush brought merchants another Christmas present: clean inventories for the post-holiday season. That means that the usual rash of after-Christmas clearance sales is hardly noticeable this year.

• **New Habits**—Here are a few things department-store men noted about this season's behavior:

• **Shopping for Christmas** hit its peak later this year than in any year since the war (San Francisco was an exception). Most of the buying was done in the last two weeks before Christmas. You have to discount the tremendous percentage increases rung up in the last week, however, by this much: Christmas week this year had six full shopping days, as compared with five in 1948. And in some cities (Chicago and Kansas City, for example), the majority of stores stayed open every night during the final week—something they hadn't done since prewar days.

• **Basement-store sales**, on the whole, showed no particular spurt. Retailers think this means that customers were shopping for values rather than for cheap merchandise.

• **Television** was the star of the show in almost every city within reach of a TV station. Some retailers said they could have sold many more TV sets if they could have got hold of them. Appliances and home furnishings were big sellers, too. So were toys, infants' and children's wear, nylon goods, women's accessories and lingerie.

• **Good Times Ahead?**—The success of the holiday season has left department-store executives in an optimistic mood for the New Year. "It just proves," said one merchandise manager, "that if the value-to-price ratio is right, the customer is ready to plunk down his folding money. But if he can't see value, he's not going to buy at any price."

Most of the store executives **BUSINESS WEEK** talked to expect the first quarter of 1950, at least, to match 1949 figures; some see the good business lasting as long as six months, possibly longer.

A few, however, are slightly bearish; they predict a spring season with dollar sales anywhere from 3% to 5% below 1949 levels.

City by city, here are highlights of the **BUSINESS WEEK** retail roundup:

Atlanta stores posted dollar gains ranging from 3% to 9% for the Christmas season. A big buying rush in the week after Christmas makes merchants believe that a lot of Christmas gifts were not merchandise at all, but cash.

Baltimore merchants say they have

learned this lesson: Pre-Thanksgiving promotions don't produce enough Christmas business to pay.

Boston retailers did a big business in furniture, appliances, and particularly TV. But ready-to-wear moved slowly. Result: clearances.

Chicago shoppers concentrated on medium-priced goods, shunned both the very high- and very low-priced merchandise. Costume jewelry, appliances, toys, and women's wear (except coats) were big sellers.

Cincinnati Christmas sales were off slightly in dollars, but unit sales were greater than in 1948. Fur coats moved well despite the luxury tax.

Cleveland sales were hurt when a transit strike on December 21 paralyzed the city for 54 days, three of them shopping days. One store operator said business missed expectations by 60% during that strike. Suburban stores got some of the business lost by the downtown outlets. One result: some clearances by the downtown stores.

Denver shoppers held off buying in early December, then cleaned the shelves in the last two weeks.

Detroit dollar volume was off from 5% to 10% in some stores, but unit sales held even with 1948 or even forged ahead slightly. Buying hit its peak about December 20 and 21.

Houston stores experienced late buying, with the exception of stores catering mainly to upper-income purchasers. Radios and even the wonder gift, television, were sluggish.

Kansas City department stores' phenomenal showing (in the week before Christmas dollar sales were up 54%) can be explained partly by the opening of a new R. H. Macy store in the city. The Jones Store Co. also put up a sizable suburban branch which wasn't in operation last year. These events have focused local attention on department stores. Result: K. C.'s department stores are taking business away from other types of stores in the area.

New York stores sold lots of home furnishings this Christmas. Radios, TV, and liquor also moved well.

Philadelphia suffered from a shortage of TV sets. Merchants are wondering whether TV, being a sort of family gift, didn't cut into sales of other merchandise. Clearances and price-trimmings have already started.

San Francisco buyers shied away from home furnishings, heavy appliances. Buying was slightly earlier than in 1948; dollar sales were equal to or slightly ahead of 1948.

St. Louis sales were off slightly in dollars, but units beat 1948. Men's clothing was a slow mover.

Washington, D. C., stores beat 1948 in both dollars and units. High-priced goods, including luxury-taxed items, were sluggish.

Big Steel Moves to Tidewater

Its mill site on the Delaware holds the potential for one of the biggest industrial expansions in the U. S. An eastern mill would mean tougher competition for Bethlehem, more foreign business.

One night early last year Martin W. Clement, then president and now chairman of the Pennsylvania R.R., was host at a dinner. Surrounding him were about 100 of his business friends and associates. The guests of honor were Benjamin F. Fairless, president of U. S. Steel Corp., and Irving S. Olds, Big Steel's board chairman.

The dinner was not significant in itself. But it was held only a few days after the Pennsylvania R.R. had acquired nearly 4,000 acres on the Delaware River near Trenton, N. J. This tract was picked up for \$2-million for future sale as industrial plant sites.

• **Knot**—Last week the Clement dinner and the Pennsy land purchase were knitted together into one of the biggest potential industrial expansions in the U. S. The event was made public in a very brief announcement by C. R. Cox, who was leaving his post as president of Carnegie-Illinois, the biggest operating subsidiary of U. S. Steel, to become president of Kennecott Copper Corp.

Cox simply said that C-I "is acquiring a 3,800-acre tract of land, located on the Delaware River in Falls Township, Pa., about 30 miles northeast of Philadelphia, for possible future use as a site of an eastern seaboard steel mill. The building of such a mill has not been authorized."

• **Caution**—That's all Big Steel has had to say about the project so far.

But it's no secret that the corporation has been fondling the idea of a mill on the East Coast for a long time. It has moved cautiously for two possible reasons: (1) It already had a whopping \$800-million expansion program under way; (2) its several brushes with the government over western steel mills may have slowed down the idea of taking another big step Uncle Sam might frown upon.

• **Bethlehem**—Interest in an eastern mill was really steamed up by the change in the steel pricing system in 1948. Abandonment of basing-point prices meant that it is now harder for U. S. Steel to compete on the eastern seaboard. Bethlehem Steel Corp. has a hammerlock there. Steel industry people say that you can draw a line somewhere near Harrisburg, Pa., and label everything east of the line as Bethlehem territory.

Bethlehem's advantage is in the location of its mills. Its giant installation at Sparrows Point, Md., turns out more

than 4-million tons of steel a year. The mill can sell more easily than most competitors, either on the seaboard or in foreign markets, because it's on tidewater. Bethlehem gets another dividend from Sparrows Point: It can import foreign ores and process them more cheaply than any other U. S. steel producer.

Close to seaboard also is Bethlehem's plant at Bethlehem, Pa., with 24-million tons of capacity. It can supply many eastern customers at a cheaper transportation cost than other steel producers.

• **Tidewater**—Thus Carnegie-Illinois could improve its competitive position in the East with a tidewater plant. Ocean-going vessels could bring in ore from foreign sources that Oliver Iron Mining Co., another Big Steel subsidiary, has been developing. The tidewater plant would also cut transportation costs to consumers here and abroad.

Iron ore for the new mill probably would come from Venezuela. Coal would move by water from Hampton Roads, Va. Steel scrap could be brought in from both foreign and domestic ports.

• **South America**—Oliver Iron Mining Co. has dug its teeth into an iron ore reserve of several hundred million tons in Venezuela. The principal property is located about 50 miles from Ciudad Bolivar (its full exploitation will undoubtedly make a railroad to a seaport necessary, though). Oliver is also developing a large manganese ore property in the state of Minas Geraes, Brazil. In addition, Oliver has options on other Brazilian manganese properties, and is looking into the possibility of mining iron ore in the same country.

New coal mining fields are being opened up in Mingo County, W. Va., by a U. S. Steel subsidiary. This coal could easily move by rail to Norfolk or Newport News for transshipment by water to the new mill.

• **Whopper**—The mill is expected to be a fully integrated setup and will hardly be less than 1-million tons of annual ingot capacity as a starter. The size of the acreage purchased indicates that the plant eventually might equal in size Bethlehem's Sparrows Point mill or the South Works of Carnegie-Illinois at South Chicago, Ill.

A plant of 1-million ton capacity would cost between \$200-million and \$300-million at today's prices.



COMING at you, Nash "n.x.i." shows neat bumper-grille unit. George W. Mason, Nash-Kelvinator president, is behind wheel. His passenger is his assistant, George Romney.



GOING away, little car has similar bumper, with spare tire instead of grille. Car is short (145 in. over-all, 84-in. wheelbase) and low (53 in. from road to roof top).

"N.x.i.": Nash Formula for a \$1,000 Car

A high-styled car priced a third under the Ford-Plymouth-Chevrolet class has long been a conversation piece in the automobile business. Willys tried to bring one out of the talking stage in the mid-thirties, but couldn't chip the price enough; most foreign cars have had the same trouble. Crosley hit the price target but with a car that hasn't attained high-volume sales appeal.

• **N.x.i.**—This week the Nash Motors Division of Nash-Kelvinator Corp. made a gesture toward that sub-popular-price market. In showings in New York Wednesday and in Washington Friday, Nash exhibited its "n.x.i." (for Nash-Experimental-International) prototype of an automobile that could be sold for \$1,000.

Nash says it has no plans at present to manufacture the n.x.i. Whether it ever does depends on the reactions of a quarter of a million people who will see the car in the weeks ahead. Only if Nash finds that a market exists will it go into production.

• **Pros and Cons**—The car that Nash is dangling as bait for a new market has most of the disadvantages of other small cars, all their advantages. It is small: a two-seater. (As it stands, it's a convertible; it could be a roadster or a coupe.) It is lightly powered: Its 18-hp. engine will take its 1,350-lb. weight away from a stop light about as fast as a powerplant half the size of a Ford's or Chevrolet's would propel those cars. Inevitably, the n.x.i. lacks the road-ability of heavier vehicles, though its makers claim unusual virtues for it in that respect.

Against those minuses, the n.x.i. claims some notable pluses. For one thing, styling is neat—reminiscent of today's Nash cars, modified with

European ideas. Body and chassis are integral, as on larger Nashes, supplying unusual strength and rigidity per pound of weight. You could get nearly 50 miles on a gallon of gas. Best of all, of course, is the price.

• **How Nash Does It**—Ask an automaker why he doesn't build a \$1,000 car and he'll usually tell you this story. There are just as many pieces in a small car as a large one; each car requires as many manufacturing operations, hence costs as much; the only real saving in a small car is the economy of fewer materials—at only \$80 or so per ton.

Then how can Nash do it? The answer is that this small Nash saves on operations, and on assembly charges. The front end, integrated grille-and-bumper, lights, and fenders are built as a unit; they lift in one piece for servicing. There is no rear deck lid, with its expense of springs, hinges, locks; you get at the luggage area from inside, behind the seats.

Most important of all: Nash would import its powerplant, transmission, axles—the expensive mechanical parts of an automobile—whole or piecemeal, from Europe. It might use the 18-hp. Italian Fiat engine that drives the experimental job, or it might use a 36-hp. Fiat (with a 1,450-lb. assembly), or maybe a 36-hp. British Standard.

The idea would be to set up assembly plants on the East and West Coasts; then it would cost less to haul the mechanical parts and some stampings across the ocean than to haul them from Nash's plants at Milwaukee and Kenosha. Buying standard European units abroad would eliminate tooling and development charges; it would also carry American dollars abroad. That

consideration, incidentally, has intrigued State Dept. and other government officials highly.

But that's all for tomorrow. It would take Nash at least a year to begin to deliver its \$1,000 car to a buying public. It would take that long to set up for the job, even adapting continental components.

• **Prerequisite**—And even before that, Nash must be satisfied that the public will buy. It has the idea that the n.x.i. might fill a hole several ways—as a second car for families that now can afford only one; as a car for "driving commuters;" as a first car for newly marrieds on tight budgets.

• **Questions**—Nash is tackling the market question systematically. It began to circulate questionnaires at its survey showings this week. It will circulate more at further viewings starting next week in Detroit, Chicago, Los Angeles, and San Francisco; then the general public will get them.

Here's the kind of question Nash is asking: How do you like the car's looks? What do you think of specific design features? If this car were on the market today would you buy it? As your only car? As a second car? If not, why not?

• **Ready**—One thing is evident: If Nash should decide to bring the n.x.i. from prototype to production, it has the means to do it. Its fiscal year, ended last Sept. 30, was the best in its history—highest auto production (although appliance output was slightly off), largest peacetime payrolls, most gross business, highest net profit. It closed its books with a surplus and working capital of more than \$70-million. In addition, the company has plants and equipment valued at \$63-million.

Gas From Coal

It's out for now. Pittsburgh Consolidation closes pilot plant; says cost is too high today for commercial production.

It simply isn't economical today to make synthetic gasoline from coal. That's the conclusion Pittsburgh Consolidation Coal Co. has come to. And Pittsburgh Consolidation should know—it has been operating a pilot plant on the process 24 hours a day for the past 13 months (BW—Nov. 27'48, p44).

• **Pilot Plant Closed**—The company set up the pilot plant at Library, Pa., near Pittsburgh, in cooperation with Standard Oil Development Co., a subsidiary of Standard Oil Co. (N. J.). It cost the two companies "several million dollars" to build and operate the plant, and conduct related research. This week, with "the program of large-scale testing . . . completed," the pilot plant was closed.

Company officials say—and U. S. Bureau of Mines people who have been studying the same problem agree—that either the price of gasoline must go up or the price of coal must go down before this "gasification" process will make sense commercially. Joseph Pursglove, Jr., Pittsburgh Consolidation's vice-president in charge of research and development, says the cost of synthetic gasoline today is 40% to 50% above the cost of gasoline made from crude oil.

• **Pot Shot at Lewis**—George H. Love, Pittsburgh Consolidation's president, took the occasion of the pilot plant's closing to put much of the blame for the high cost of the gasification process on John L. Lewis. "The commercial prospects of . . . building a large plant to convert coal to gasoline," he said, "are far less attractive today than they were when we started To be successful, a plant of the type we had planned would have to have cheap coal and . . . assurance of regular coal supply."

Love went on to say that both of these things are impossible today—cheap coal because of ever-rising wages to United Mine Workers members; assured regular supply because of the unpredictable, recurrent shutdowns and fractional work-weeks.

• **Petroleum Supply**—Actually, when the pilot plant was first unveiled more than a year ago, the projected costs of synthetic gasoline were not competitive, and Pittsburgh Consolidation said as much. What made the possibilities of the process particularly attractive then was wide-spread fear of an imminent shortage of petroleum, which could have boosted the price of gasoline to the point where the synthetic product would have been competitive.

Today, new discoveries of crude-oil resources, plus a marked slowing of the rate of increase in the use of petroleum products, have pushed that fear many years into the future. But there's no doubt that the world's petroleum supplies will run short many years—even centuries—before its coal supplies. In that light, Pittsburgh Consolidation's experiments are still important.

• **Still Interested**—Closing of the pilot plant doesn't mean that Consolidation and Standard are dropping the subject. Both have announced that their engineers will continue to study, on a laboratory basis, "the mass of data collected" during pilot-plant operations.

In addition, Love says Consolidation "has been studying the possibilities of making gasoline from natural gas." The company went so far as to take an option on a war-surplus high-octane plant in Texas that could have been converted to a gas-to-gasoline process. But it let the option drop, and, when the War Assets Administration asked for bids on the plant last week, Consolidation did not submit a bid.

Tire Makers Fight FTC On Discount Ruling

Major tire makers are fighting a delaying action against the Federal Trade Commission's proposals to fix a quantity discount ceiling for their industry (BW—Oct. 8'49, p21). FTC has tentatively ruled that a carload of 20,000 lb. of tires is the maximum on which manufacturers can grant discounts.

The commission has set Jan. 19 as the date to receive briefs from those interested in its proposal. Oral arguments are to be heard Feb. 7.

• **Protests**—Now the Big Four (Goodyear, Goodrich, U. S. Rubber, and Firestone) have filed petitions in the U. S. District Court in Washington. They are asking the court to enjoin FTC from holding the hearings as scheduled, and to order a change in the commission's rules of procedure.

The tire companies contend that the commission in effect has assumed law-making powers in setting up its rules of procedure. They argue that FTC has disclosed no evidence for a basis for the proposed discount rule; that they can't cross-examine government witnesses or introduce opposing evidence if the commission goes ahead as planned. In effect, they say, the procedure denies them a hearing under the American system of jurisprudence.

• **Answer**—FTC argues that it is following its interpretation of the Administrative Procedures Act, and that it took all the arguments of the tire companies into account when it decided to issue the tentative order.

Folding Their Tents

Sheet users who bought mills when steel was tight are selling out now. Studebaker, K-F, Borg-Warner join the retreat.

Studebaker's sale of its Empire Steel Co., at Mansfield, Ohio, last week for about \$5-million was a move that is becoming fairly typical. The plant was bought a couple of years ago to supply the auto maker with sheet steel from its hand-rolling facilities.

Now with sheets coming fairly easy from plants that turn them out on high-speed continuous mills, most companies that bought hand-rolling mills in the last few years are getting out of steel making. They can buy sheets cheaper than they can make them, generally.

Empire, with its six open hearths and rolling mills, went to a group headed by Don W. Frease, Empire's president. Its new owners figure on spending about \$6-million to modernize facilities and install a continuous strip mill in place of hand-rolling equipment.

Follansbee Steel Corp. sold its Toronto (Ohio) plant to Kovalchick Industries, Indiana (Pa.) steel salvagers, last week. Kovalchick officials aren't sure what they are going to do with the four open hearths and hand-rolling mills. The plant has an annual capacity of 136,000 tons, but costs of producing sheets on hand mills are too high to enable the company to sell them competitively for very long. So one possibility is that the plant will be dismantled eventually.

Superior Sheet Steel, a division of Borg-Warner Corp. since 1946, went on the block last year. B-W can get its sheets cheaper from established continuous-mill producers. L. Berkman, Superior's new owner, plans to continue sheet production for at least as long as the current demand holds out.

Apollo Steel Co., at Apollo, Ohio, was sold in 1946 to a Detroit syndicate which immediately leased it to a group of steel users in the area. In 1947, when Kaiser-Frazer got its Phoenixville (Pa.) steel plant, it also bought into Apollo so it would have rolling facilities for bars made at Phoenixville. About a year ago, Apollo was bought by a group headed by M. L. Landy.

The plant was then leased to some sheet steel customers who have been taking most of its output. Landy hopes to continue this setup for as long as his customers still want steel. Then, since most of its equipment is outdated hand mills, it will probably be scrapped. K-F recently sold its Phoenixville holdings, too.



Quick Steel



Keeps Harvester Production Moving

At 3:15 P.M. on a recent Monday afternoon, International Harvester Company's Farmall Works at Rock Island, Illinois, called the Ryerson Plant in Chicago. They wanted a thousand pounds of cold finished hexagons, $1\frac{3}{4}$ " x 10 to 12 feet. The bars were urgently needed for a brake pedal installed at an early stage of Farmall tractor assembly.

Marked "Rush" by the Ryerson service man who received it, the order was filled—the steel loaded and on its way at 5:05 P.M.—less than two hours later. Delivery was made in Rock Island—120 miles away at 9 A.M. sharp, the following morning.

This time-table graphically illustrates how fast and

effectively Ryerson Steel Service swings into action when emergencies arise. With steel supply improving daily, our facilities for delivering all the steel you need exactly when you need it are better than ever. Just contact the nearest Ryerson plant for any steel requirement.

PRINCIPAL PRODUCTS

BARS—Carbon & alloy, hot rolled & cold finished

STRUCTURALS—Channels, angles, beams, etc.

PLATES—Sheared & U. M., Indiana 4-Way Floor Plate

SHEETS—Hot & cold rolled, many types and coatings

TUBING—Seamless & welded mechanical & boiler tubes

STAINLESS—Alloyed plates, sheets, shapes, bars, tubing, pipe fittings, etc.

BABBITT—Ryerson Glyco
MACHINERY & TOOLS—For metal fabrication



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The type of carton you are now using, or your method of cartoning, may be costing you far more than is necessary.

If you are using factory-processed cartons, a Palmer continuous motion carton forming machine will enable you to make an immediate saving in material costs. For the Palmer sets up a strong, attractive looking carton from inexpensive die-cut blanks. This type of carton, now being used by leading manufacturers, has successfully replaced many types of more expensive cartons. *And the savings made frequently pay for the machine in less than a year!*

If you are setting up cartons by hand, or on a conventional carton forming machine, the Palmer continuous motion machine will likewise show important savings. It has far greater speed—up to 102 cartons per minute. Can be more quickly adjusted for a different size. And its continuous motion method of operation results in better formed, more securely sealed cartons—thus preventing damage in the over-wrapping process and waste of material.

Moreover, the Palmer gives you a finer looking carton because its exclusive method of forming and sealing locates printed panels accurately and prevents bulging sides.

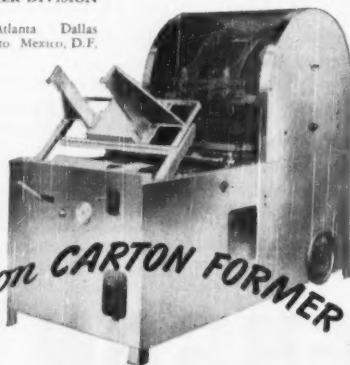
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BUSINESS BRIEFS

Commuters' howls have stopped the music—and commercials—in New York's Grand Central Terminal. The New York Central voluntarily killed the programs after some of its "captive audience" protested in hearings before the Public Service Commission.

Walter S. Gifford, who will be 65 on Jan. 10, has retired as board chairman of AT&T. His pension: \$95,000 a year. Leroy A. Wilson, 48, who became president two years ago, is expected also to head the board of directors.

Ford will drop motor coaches from its line, effective Apr. 30, but will continue to make chassis for school buses. Reason: Ford built only 200 coaches last year, sees only a limited future market. Another bus builder, ACF-Brill, delivered only 418 vehicles last year, compared with 1,004 in 1948.

A \$5-million Baltimore pier will be built by the B&O R.R. to handle shipments of iron, manganese, and chrome ores from Africa. It will be ready early in 1951.

Another Montgomery Ward V.-P. has parted ways with Sewell Avery (BW—Apr. 30 '49, p92). Wards says Morris Gysburg, in charge of New York merchandising, was "removed from office because of noncompliance with company rules and policies." Joseph C. Kracht replaces him.

K-F's low-priced car (BW—Nov. 12 '49, p21) will have an engine built by Willys-Overland. Neither Kaiser-Frazer nor Willys will give details, but talk has it that the engine, like Willys present one, will be made in two models—4 and 6 cylinders. It will be small, light, designed for long mileage.

Houston doubled in size when voters approved annexing 79 sq. mi. to the city's 74 sq. mi. Population gain of 110,000 brings the new total to about 618,000.

RCA's holdout against 33 $\frac{1}{3}$ -rpm. records is over. The company will start making long-playing discs—for classical recordings only—on Mar. 31.

The Sun sets: New York's evening daily, The Sun, founded in 1833, sold out this week to Scripps-Howard's World-Telegram. Thomas W. Dewart, Sun president and publisher, blamed "mounting costs . . . unaccompanied by commensurate increases in advertising revenue." New York is now down to three evening papers.

BUSINESS WEEK • Jan. 7, 1950



Ever hear of Paint that Talks?

Amazing? Not by a long shot. *All* paints talk. And we're not kidding.

The trick is to give paints a *real* chance to speak for themselves. They'll talk . . . *plenty* . . . and in plainer language than anything you could read in print.

For example, compare a gallon of any paint you want with a gallon of Barreled Sunlight. Thin each according to directions on the cans and apply to different test sections of a wall. You'll be "told" fairly and squarely by this simple test that Barreled Sunlight not only looks and covers better but gives you *more square yards to*

the gallon. You'll find that it *goes on* easier, too . . . helps you make important savings in labor which today accounts for 80% of painting costs. And, over the "long pull", Barreled Sunlight will save you still more money because it keeps its "fresh-paint look" longer.

After all, painting does cost money . . . for initial and repainting jobs. If you want to keep these costs *down* and the results *up*, listen to the Barreled Sunlight story. Give it a chance to *speak for itself*. Write and our representative will call.

U. S. GUTTA PERCHA PAINT COMPANY
1-A Dudley St., Providence, R. I.

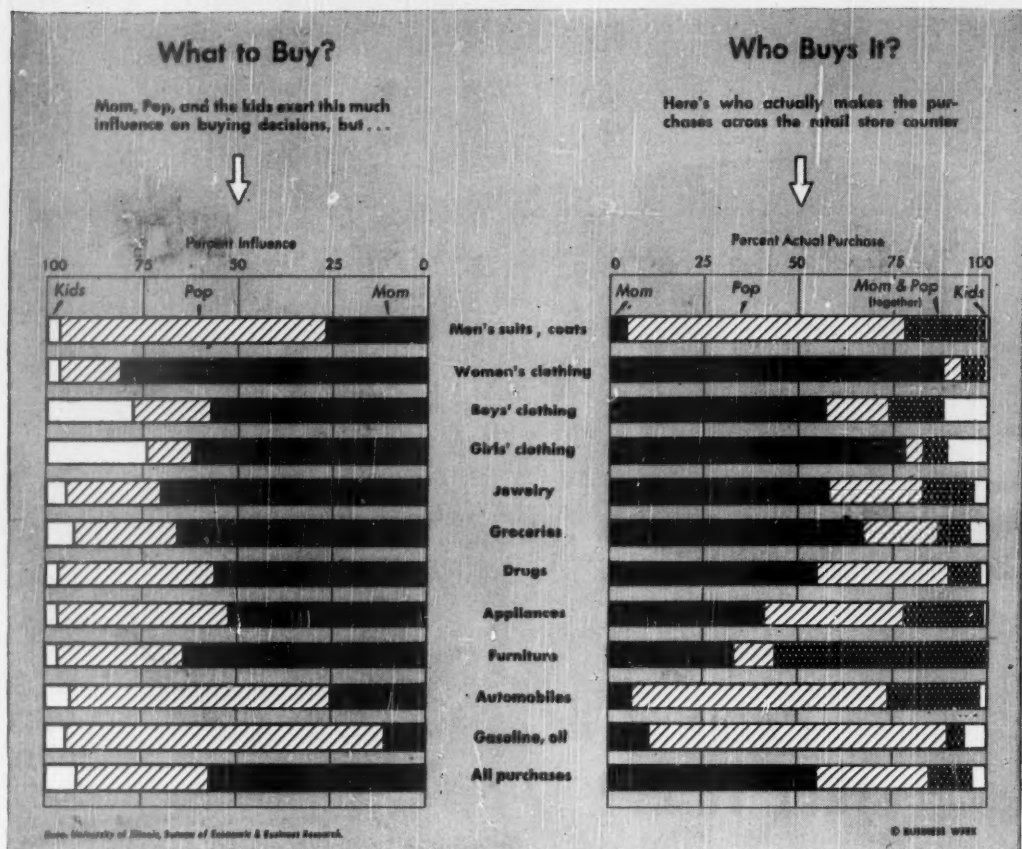


Barreled Sunlight *Paints*

In whitest white or clean, clear, pleasing colors,
there's a Barreled Sunlight Paint for every job

IT ALWAYS COSTS MORE NOT TO PAINT!

MARKETING



Women Buy a Lot—But Not Everything

And not so much as many marketers assume, survey shows. Actually men do almost 30% of all family shopping.

Never overestimate the power of a woman.

That's the moral of a survey put out this week by the University of Illinois' Bureau of Economic and Business Research. The study, made by Paul D. Converse, professor of marketing, and Merle Crawford, assistant in marketing, concludes that women are a far less potent power in purchasing consumer goods than many marketers think. The old contention that women make as much as 80% of family purchases is wrong, say Converse and Crawford.

According to the new study, women actually buy 55% of all the consumer goods for the family, and men buy 30%. Husbands and wives shopping to-

gether make 11% of the family's purchases. The kids buy the other 4%.

• **Figure Questioned**—This isn't the first time that Professor Converse's distrust of the 80% figure for the women's buying percentage has led him to conduct a survey. Previous studies, however, have been limited pretty much to the state of Illinois. The current survey is the first one conducted on a more-or-less nationwide basis.

Both Converse and Crawford admit that the new study isn't strictly comparable with the earlier studies. Nevertheless, they feel that rough comparisons can be made. Here's what they find:

• Men are now doing more of the family buying than they did in the

early 1940's. Converse believes that this may have resulted from the shorter work week, plus the fact that a larger proportion of wives now work outside the home.

• Men are buying a larger percentage of women's goods, such as clothing, toilet articles, draperies, and kitchenware.

• Men are trusted to buy their own clothes more now than they were in 1940.

• Women have increased in importance as buyers of drugs and hardware.

• Men and women shop together more frequently now than in 1940 for groceries (in order to carry heavy purchases home in the family car), women's clothes, kitchenware, draperies, hardware, gas and oil, and drugs.

• Men and women shop together less

Kimpak® Float Packaging



ALUMINUM COOKING UTENSILS
Vita Craft Corporation, Kansas City

Cuts shipping costs — reduces damage in transit!

For shipping anything from perishable foods to finely finished utensils and appliances, your best assurance of complete protection is KIMPAK® creped wadding. Strong, yet soft—flexible, yet smooth—KIMPAK provides the perfect cushion to guard against finish damage.

Although a top quality packaging material, KIMPAK is economical to use. It's neat, easy to apply—saves time in the shipping room. It's clean and pleasant to handle. And KIMPAK is feather-light to reduce the size and weight of shipping packages. No other cushioning material

provides comparable safety with so little bulk or weight!

Moreover, the smart-looking, eye-appealing neatness of a KIMPAK-wrapped product cannot be surpassed. Many of America's finest products go to market protected with KIMPAK—because of its attractive appearance. So try "Float Packaging" at your first opportunity. There is a specification to meet every requirement of the four basic methods of Interior Packaging: Flotation, Blocking and Bracing, Surface Protection, and Absorbent Packaging.



Individual Table Service—in pocket envelope lined with KIMPAK.
Photo courtesy International Silver Company.



Electric Waffle Iron
Photo courtesy General Electric Company.

—FREE BOOKLET!

Kimberly-Clark Corporation
Nenah, Wisconsin
Please send me free, the illustrated
KIMPAK packaging guide. BW-159

Name.....

Firm.....

Address.....

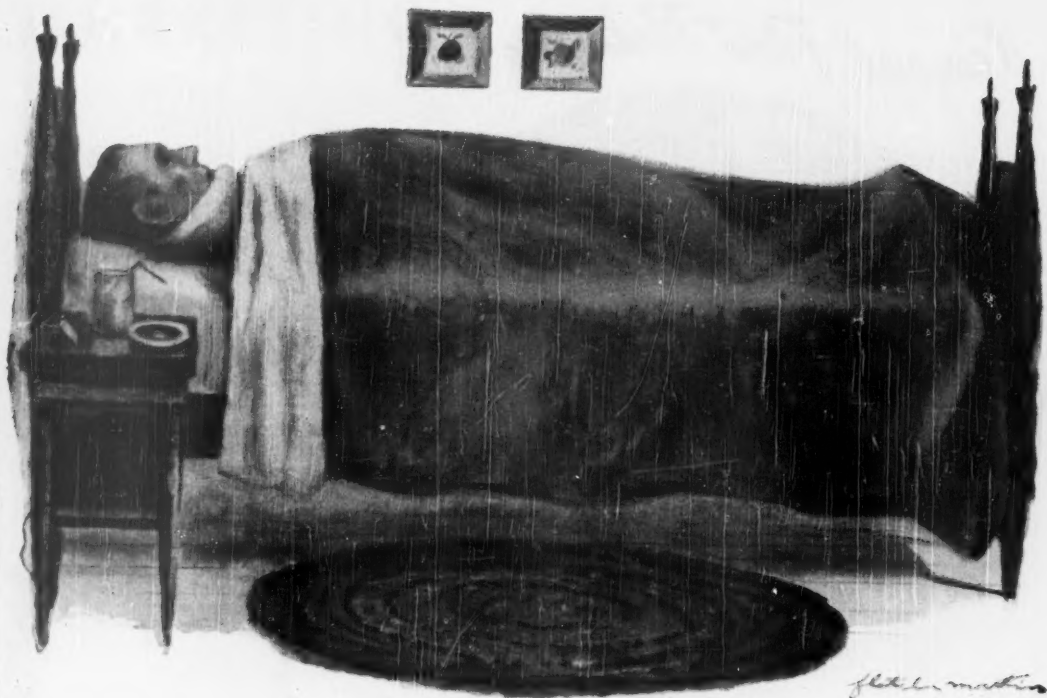
City.....Zone.....State.....

Kimpak

REG. U.S. PAT. OFF. & FOREIGN COUNTRIES



CREPED WADDING



Should you continue to pay his salary?

A LITTLE MORE than a year ago, the sales manager of a machine tool concern suffered a broken back in an automobile accident.

He was traveling for his company, calling on distributors in Philadelphia. After a six-week stay in a Philadelphia hospital, he was able to make the trip back in an ambulance. But he is still flat on his back in bed—faced with the possibility that he is permanently disabled.

His company paid his medical fees and hospital bills. And they've continued his full salary until now—even though they've had to replace him with another man.

Now, as time drags on and they're still paying two salaries for one sales manager, the men who run this company must make a tough decision. Should they stop his pay or keep him on the payroll?

That's a tough decision for the head of any business to make, we believe you'll agree. And, it's a tough spot you'll never be in—a decision

you'll never have to make—if you take this step right now:

Call in your Travelers agent or broker and let him tell you about Travelers Business Accident Insurance. With such a plan, your key men are assured that medical expenses will be paid and a weekly income provided in case of a temporary disability resulting from accidental injury. If the injury should result in permanent disability, they're guaranteed an income for life.

Business Accident Insurance is only one of many forms of employee insurance that The Travelers, pioneers in this kind of insurance, have developed to suit the needs of big and small companies.

Why not talk over your employee insurance needs with your Travelers man today?

ON ALL FORMS OF EMPLOYEE INSURANCE
YOU WILL BE WELL SERVED BY

The Travelers

The Travelers Insurance Company, The Travelers Indemnity Company, The Travelers Fire Insurance Company, The Charter Oak Fire Insurance Company, Hartford 15, Connecticut. Serving the insurance public in the United States since 1864 and in Canada since 1865.

for furniture and jewelry today than at the time of the 1940 study.

When you break the 1949 study down by income groups, you find that there isn't too much variation in the shopping patterns of high-, low-, and middle-income families. However there are these differences:

- Low-income husbands and wives tend to shop together less for furniture, groceries, and men's furnishings than couples in middle- and upper-income families.

- Wives in low-income families buy a slightly larger proportion of groceries, furniture, and electrical appliances than those in higher brackets; and their husbands buy a larger proportion of their own and the wife's clothing.

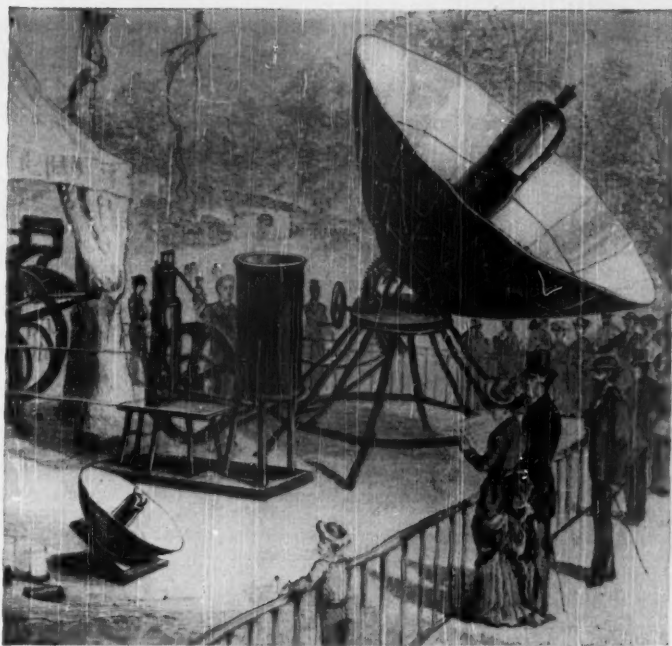
- In middle-income families, husband and wife shop together for groceries somewhat more frequently than they do in upper- and lower-income families.

- **Community Size**—The breakdown of buying habits by size of towns produced more noticeable differences. In small towns, men are more important as buyers of consumer goods than they are in large cities. And they are least important in buying groceries in large cities. Converse offers this explanation: There is likely to be a greater distance between home and place of employment in a large city than in a small town; therefore, the husband is not so likely to make purchases on his way home from work.

- **Who Decides**—The 1949 study is more than just an attempt to find out who does the buying in the family. In addition, says Converse, you have to find out who decides on the purchase and to what extent each sex is influenced by the other in making decisions. "It is not enough to know that breakfast cereals are bought largely by women in grocery stores. The woman may be only the purchasing agent buying the kind of cereals that her husband and children like." To isolate differences between who selects and why buys merchandise for the family, Converse and Crawford have attempted to tabulate both buying influences of each person in the family and who does the actual purchasing (chart, page 30).

- **Objections**—Research directors for women's service magazines will probably find much to quarrel with in the University of Illinois report. Their first objection may be aimed at the survey method. Here's how Converse and Crawford gathered the raw material for the study:

Marketing students in seven universities—Illinois, Alabama, Miami (Fla.), Nebraska, New York, Pittsburgh, and Washington—were asked to fill out questionnaires on the buying habits of their own families. (This was similar to the technique Converse used in his



Mouchot, a Frenchman, invented this sun-powered generator that ran a printing press.

THE BETTMANN ARCHIVE

Mouchot Trapped the Sun's Hidden Horsepower

For centuries the possibility of harnessing solar energy has tickled the fancy of inventors. Countless contraptions for converting the sun's rays into usable energy have been reported, but so far all of these sun-powered machines have proved impractical.

Some genius actually may find a practical means of transmitting the sun's power to a turning shaft. But for use with today's machines, there's no need to wait for any

genius to create more efficient power transmission devices.

For 31 years the Twin Disc Clutch Company has perfected and produced advanced, yet practical solutions to every kind of power transmission problem... in all types of construction, petroleum, lumber and farm equipment, and in the marine and machine tool fields. TWIN DISC CLUTCH COMPANY, Racine, Wisconsin (Hydraulic Division, Rockford, Illinois).



Power Take-off



Hydraulic Torque Converter



Machine Tool Clutch

SPECIALISTS IN INDUSTRIAL CLUTCHES SINCE 1918

30-SECOND QUIZ

on New York State business opportunities

1. People plus money equals buying power:
(a) What per cent of the country's people live within 500 miles of the center of N. Y. State? 40% (); 25% (); 10% ()?
(b) How do the average New Yorker's savings compare with those in other states? Highest (); average (); below average ()?
 2. Efficient banking service plus state-wide coverage adds up to smoother business operation. Can you get this combination in New York State?
1. (a) 40% (b) highest. 2. Yes—but only from Marine Midland—because, in New York, Marine Midland is the only state-wide banking organization. And this really accelerates your business routine. Hurries check and draft collections, for example. Gives you access to bankers who have a thorough understanding of local business conditions. It's profitable to do business in New York State . . . and to bank with The Marine Midland Trust Company of New York.

Marine Midland Banks serve...

Buffalo
New York City

Adams
Albion
Alexandria Bay
Antwerp
Attica
Avon
Batavia
Binghamton
Copenhagen
Corinth
Cortland
Depew
East Aurora
East Rochester
Elmira
Elmira Heights
Endicott
Evans Mills
Fulton
Holley
Horseheads

Jamestown
Johnson City
Lackawanna
Lockport
Malone
Medina
Middleport
Niagara Falls
North Tonawanda
Nyack
Oswego
Palmyra
Phoenix
Rochester
Rochester
Snyder
Sodus
Tonawanda
Troy
Watertown
Watkins Glen
Webster
Westfield
Williamsville
Wilson



The
**MARINE MIDLAND
TRUST COMPANY**
of New York

120 BROADWAY

Member Federal Deposit Insurance Corporation

previous surveys.) In all, 1,225 replies were received from the seven schools covered by the survey.

To magazine research departments, this procedure may seem to have some loopholes. But for the University of Illinois researchers, it eliminated many difficulties. "It was felt that children know who makes various purchases," says the report, "and, even more important, children are often more cognizant of how each parent influences the other than are the parents themselves. Marketing students understand the purpose of such studies and generally are sympathetic with their objectives."

Another possible defect in the report—freely admitted by its authors—is the distribution of the sample. Only about 6% of the respondents were from low-income families (defined as having incomes of less than \$2,500); on the other hand, 25% to 27% of the U.S. population is in that income group. Thus, the totals are heavily weighted by middle- and upper-income families. But variations in family purchasing according to income groups, the authors contend, are of relatively minor importance.

In addition, comparatively few farm families are represented; so the results can be applied only to urban families. But Converse points out that his earlier studies indicated that the farmer-husband buys a larger proportion of family goods than the city man. If this is still true, he concludes, the current study actually understates the importance of men as buyers.

DRUGS ON GROCERY SHELVES

Alert retailers are always looking for a new item to handle—preferably a quick-turnover, long-profit product. This is the phenomenon, called "marketing arbitrage," that leads tire stores to carry toys and drug stores to handle appliances (BW-Oct. 15 '49, p. 67).

In Michigan, the practice has stirred up some hard feelings—and litigation—between the druggists and the grocery supermarket operators. Pending a ruling on the constitutionality of the Michigan Drug Act, four Detroit supermarkets have been given temporary authorization to sell patent medicines and household remedies. The principal items involved in the dispute: aspirin, epsom salts, boric acid, milk of magnesia.

In themselves, these items aren't too important. But Michigan druggists view them as an opening wedge in a campaign to handle other fast-moving drug products.

Wrigley's Stores, Inc., instigated the suit, was joined by three other supers. They made the move after the Michigan State Board of Pharmacy accused them of selling drugs in violation of the Michigan law.



KEYNOTER for AMA: McCann-Erickson's Britt says research has stressed wrong things, finding out who buys instead of . . .

Why Do They Buy?

That's the question for marketing men in today's stiff competition, AMA conference hears. 1950 looks good.

"As marketing people, some of us have been so damnably busy quantifying that we have forgotten about qualitative research."

The speaker was Stuart Henderson Britt of the McCann-Erickson advertising agency. The occasion was the American Marketing Assn.'s two-day meeting in New York last week. The subject was "Consumer Wants, Preferences, and Expenditures," and Britt was keynoter for the meeting.

• **Paging Freud**—"The trouble is," said Britt, "that we have plenty of marketing facts—but unfortunately we have little psychological information. . . . For example, there are detailed reports on the soft-drink market which tell us the seasonal fluctuation in the consumption of soft drinks, the types of beverages purchased, the percentage of families purchasing, the average monthly family purchases, and so on—but we still don't know much about the complicated motives that result in the sipping, swallowing, and guzzling by Americans of almost 1-billion cases of carbonated beverages annually. . . . The factors that will cause millions of men, women, and children to take into their intestinal tracts various kinds of sweetened and bubbling liquids . . . are not easy to explain."

In some fields, Britt added, we are beginning to learn the real reasons why

VESSEL DIVISION

NEWS



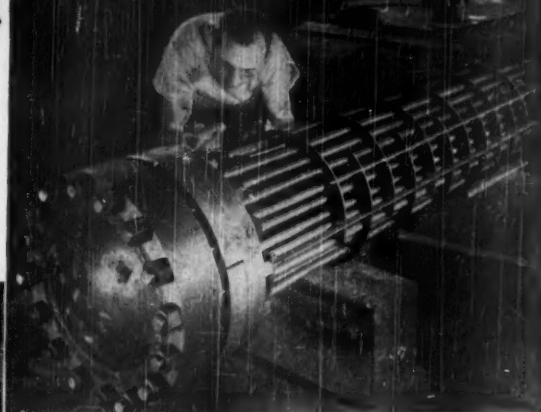
A.O. Smith

CORPORATION

New York 17 • Philadelphia 3 • Pittsburgh 19 • Atlanta 3 • Chicago 4
Tulsa 3 • Dallas 1 • Houston 2 • Seattle 1 • Los Angeles 14
International Division: Milwaukee 1

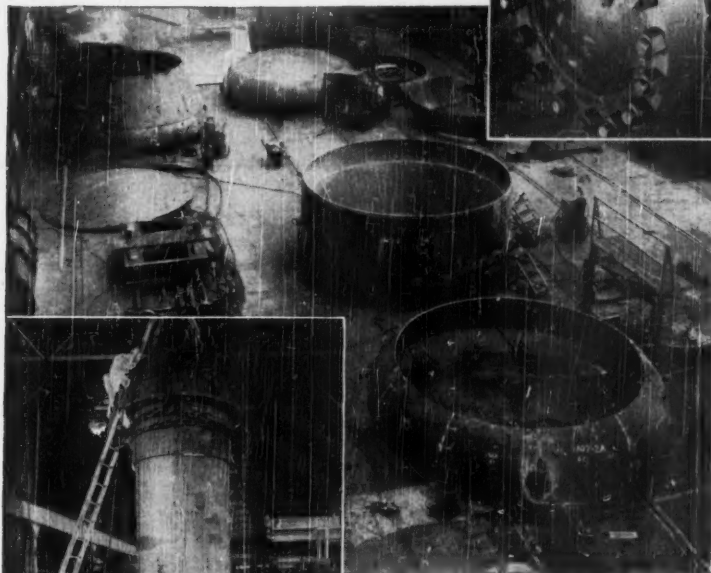
HEAT EXCHANGERS FOR HIGHER PRESSURES.

A. O. Smith solid-backing ring construction makes the split-ring floating head safe for higher pressures. Four exchangers, like the one shown here at the right, were built for one company and tested at 1875 lb. for a working pressure of 1250 lb.



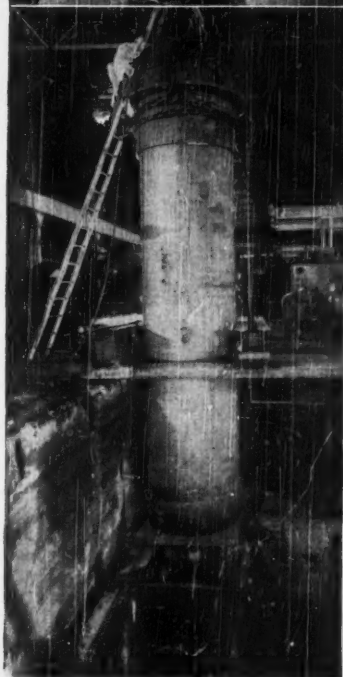
SHIPPING LIMITATIONS, PLANT LOCATIONS, OR BUILDING CLEARANCES

ARE NO BARRIERS. A. O. Smith can provide field-assembled vessels built and erected to shop-quality specifications. Shown at the left are part of the segmental cones and heads for six coke drums, to be field assembled. Each vessel will weigh approximately 220,000 lb. when completed.



MULTI-LAYER VESSEL CONSTRUCTION FOR HIGHER PRESSURES.

This 24 ft. long by 4 ft. diameter Multi-Layer lined A. O. Smith Autoclave was given a running-in test in excess of the working pressure of 2,000 psi.



A. O. Smith Corporation, Dept. BW-150
Milwaukee 1, Wisconsin

Send the latest A. O. Smith Vessel Bulletins:

- ☐ V-46: Alloy, Alloy-lined, Clad, and Glass-lined Vessels
- ☐ V-44: Field Assembly of Pressure Vessels
- ☐ V-52: Multi-Layer Manufacture and Assembly

To: _____

Firm _____

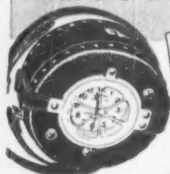
Street _____ City _____ State _____



It pays to do business in New York State!

You're right in the middle of the nation's largest industrial market—when you locate in New York State. During 1948 the Empire State's 48,000 manufacturing firms bought \$14-15 billions' worth of supplies, materials and equipment. For the whole story, write: N. Y. State Dept. of Commerce, Room 188, 112 State St., Albany 7, N. Y.

Got a Watchman?
Then invest about \$100*
in a 3-way benefit



**CHICAGO
WATCHCLOCK
System**



Puts Pep in
the Step of
Watchmen

Send for this
illustrated folder. Shows
how you install system
with no tools other than
a screwdriver!

*Approximate cost of system

CHICAGO WATCHCLOCK
Division of GREAT LAKES INDUSTRIES, Inc.
The First—and Still the First
1324 S. Wabash Ave., CHICAGO 5
Offices in Principal Cities

1 INCREASE
your property
protection
against fire, theft and
vandalism by install-
ing the CHICAGO
Watchclock System.

2 REDUCE
insurance rates
and thereby quickly
get back the cost of
the Chicago Watch-
clock System.

**3 MAKE
MONEY**
permanently
so long as you use the
Chicago Watchclock
System you will con-
tinue to save on in-
surance costs.

people buy. Toothpaste is one. Armed with plenty of facts on who buys which toothpaste in what color tube, toothpaste makers have merchandised and sold their wares on the basis that the user would get a beautiful smile, gleaming teeth, or a man. The amazing sales success of the new ammoniated toothpastes, however, have forced people to recognize the real motivations behind tooth brushing—"to get little pieces of food unlodged from the teeth and to prevent decay."

• **Who'll Buy?**—Britt and his conferees were in dead earnest. There was a note of urgency and critical self-analysis at the sessions that was a far cry from the easy cheer of the early postwar days. For distribution men have found, as *BUSINESS WEEK* found (Dec. 10 '49, p19) that competition is the chief business bugaboo for 1950. From the earnestness with which the delegates approached the subject, you might have guessed that the buyers' market was lurking under the chairs in the conference rooms.

The conference put chief emphasis on consumer research. For two days, it ground on eagerly, discussing attitude measurement, use of the intensive interview, controlled experimentation in consumer research. Between sessions, delegates in the halls and lobbies talked about the need for new determinations of where the markets are and how to reach them.

• **Sidelights**—A typical cloakroom discussion: "I know of a major automobile company," said one conferee, "that is still using auto registration figures to locate its markets. What those people don't realize is that some of their best markets are in areas where registrations are low because people didn't use to have enough money to buy—but they've got it now."

"I'm a good prospect," said another. "My car is nine years old, and I'm ready to buy a new one. But no one has even telephoned to try to sell me one."

• **Optimism**—The delegates' soul-searching, however, still couldn't drown their optimism. Even though the markets might be elusive, they decided, they were still there. Arno H. Johnson, vice-president of J. Walter Thompson Co., offered a few 1950 projections calculated to warm the cockles of every marketer's heart.

Johnson predicts "a conservative goal" for 1950 national income of \$230-billion. This would provide more than \$200-billion of disposable personal income after taxes. If that's true, says Johnson, the real purchasing power of the American people after correction for present prices will exceed prewar 1940 by 60% and 1949 by 6%. It's up to the marketing men to create demand and get the goods into the consumers' hands.

MARKETING BRIEFS

Drive-in theaters are such a growing field (BW-Jan. 1 '49, p44) that RCA has launched a new sales plan aimed at prospective operators. Included in the package: theater-layout specifications, construction aids, servicing, financing—and, of course, the proper RCA projection and sound equipment.

New-car advertising will be heavy on radio and TV, American Broadcasting says. ABC got new air-time schedules last week for Chevrolet, Ford, and Plymouth.

Antihistamine cold tablets (BW-Dec. 17 '49, p68) cleared one official hurdle when Food and Drug Administration said it had no intention of banning across-the-counter sales of the cold tablets. Next hurdle: investigation by FTC of advertising claims made for the tablets by several manufacturers.

Soft goods in supermarkets: J. Weingarten, Inc. (25 Houston grocery supers), reports "tremendous sales" in its new lines of men's pants and shirts, nylon hose, rayon panties, and other-soft lines.

Broadcasters' gross climbed 4.5% last year over 1948, says the National Assn. of Broadcasters. But operating expense was up, too—by 4%. Spot radio (national non-network advertising) posted the biggest gain in revenue—13%.

Corsets and brassieres were off 6%—in sales, that is—last year against 1948. Volume in units and dollars, though, was still better than 1947.

Admiral Corp. is expanding its television production facilities. The company has just bought a 64,000-sq. ft. factory in Bloomington, Ill. Previous tenant: General Mills (for manufacture of pressure cookers) and Colonial Radio Corp.

Family Circle Magazine boosted its circulation 23.5% (to 2.1-million) at one fell swoop. Addition of 2,207 stores of the Kroger Co. grocery chain as distribution outlets did the trick.

Natural Rubber Bureau—backed by growers in Malaya, Ceylon, and Indo-China—will open its \$1-million promotional campaign next month. Object: to broaden use of tree rubber in the U.S. (BW-Jul 30 '49, p76). A former executive vice-president of the Rubber Manufacturers Assn., Warren L. Lockwood, heads the drive.

HOW TO DROP \$10,000⁰⁰

and not lose a cent

If you shipped riboflavin—a widely used vitamin—the very thought of somebody dropping one of your shipping drums would give you gray hairs. A single drum of riboflavin is worth upwards of \$10,000. But one of Continental's regular line of shipping drums—the Leverpak drum—is the choice of many companies for safeguarding their most valuable products.

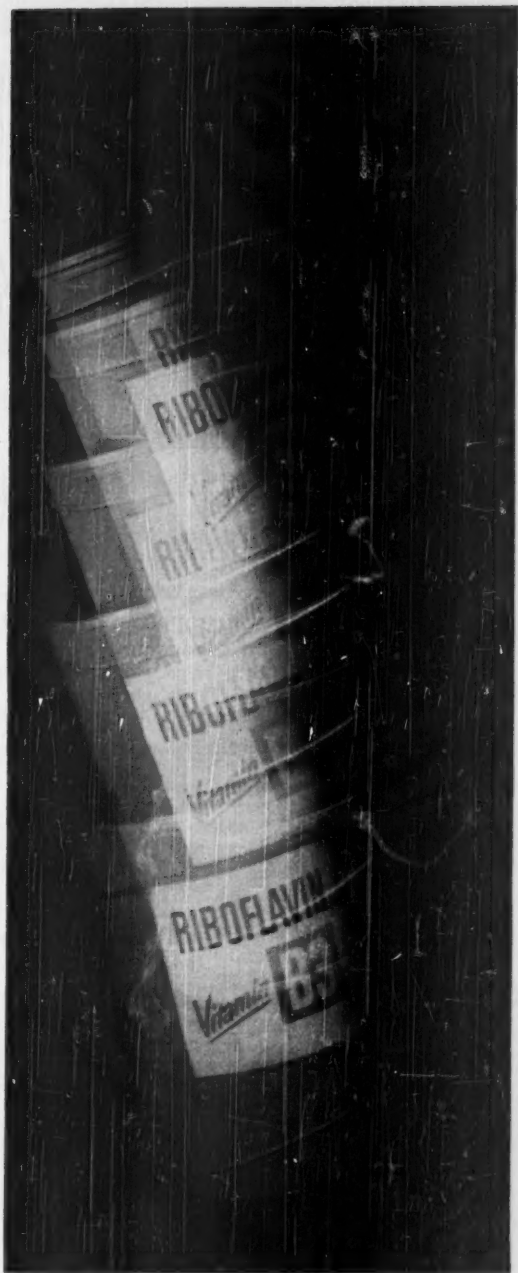
The stroboscopic photograph at the right shows a Leverpak drum containing four hundred pounds dropping four feet. It didn't leak, shatter or fracture. *Not a penny's worth of the contents will be lost!*

This Leverpak drum is just one example of Continental's ability to develop packages to meet exacting requirements. Like all Continental drums, it is light in weight to save shipping costs, and can be furnished in a wide variety of linings and coatings.

Whatever your product, Continental can supply you with a package that will stand up in service, stand out in appearance. Continental is famous for its fine lithography and decorative work. Drum, can, or paper container—if you have a packaging problem, our technical staff is ready to help you solve it. Continental is big* enough and flexible enough to handle any packaging situation.



DRESS UP YOUR PRODUCT WITH A CONTINENTAL DRUM. Three types to choose from. The Leverpak drum, with its unique lever-locking device, for maximum protection under hard usage. 12- to 75-gallon sizes. . . . The Fiberpak drum—a rigid, light, all-fibre container in 3/4- to 67-gallon sizes. . . . The Stapak drum with fibre body and metal top and bottom. Supplied in 2- to 32-gallon sizes.



CONTINENTAL © CAN COMPANY

100 East 42nd Street

New York 17, New York

*MAKERS OF: Tin Cans • Fibre Drums • Paper Containers • Steel Containers • Plastic Products • Crown Caps and Cork Products • Decoware • Machinery and Equipment

3 Ways Our Climate MAKES YOU MONEY



42° in January,
72° in July—



... the thermometer works *with* you when you locate your plant in Metropolitan Oakland. Here's how it cuts costs, makes you money:



1. HIGHER PRODUCTIVITY, MORE WORK DAYS—

Our mild, uniform climate pays a two-way profit: 'higher worker productivity (proved by U. S. Department of Commerce figures) and no lost working time from weather-caused shutdowns, transportation tie-ups or absenteeism.



2. COSTS LESS TO OPERATE

—Heat bills are lower since our heat needs are 48% less than the average for 5 major mid-west and east coast industrial cities. Fuel shortages are unknown. No expensive "winterizing" of buildings or rolling equipment. No need for cooling systems in most

plants, lower costs if processing requires conditioned air.



3. COSTS LESS TO BUILD—

No snow loads, no ice, so construction is economical—single walls, less insulation, lower-cost foundations. And more operations can be done in the open the year around.

FREE—FACTS ABOUT CLIMATE, LABOR, MARKETS—

Write Today

Send for "CLIMATE MAKES YOU MONEY"—new Data Sheet that tells fully what our climate means to industry. And if you want the complete story of Metropolitan Oakland advantages, also request the FREE 52-page Factbook "HOW TO WIN THE MARKETS OF THE NEW WEST."



**METROPOLITAN
OAKLAND AREA
CALIFORNIA**

5001

SUITE 11 • 427-13th STREET • OAKLAND 12, CALIFORNIA

**FOR MONEY-SAVING
PRODUCTION • DISTRIBUTION
SALES**

ALAMEDA • ALBANY • BERKELEY • EMERYVILLE • HAYWARD • LIVERMORE
OAKLAND • PIEDMONT • PLEASANTON • SAN LEANDRO • RURAL ALAMEDA COUNTY

READERS REPORT:

Labor and Profit Sharing

Sirs:

BUSINESS WEEK carries what purports to be a resume of my remarks at a meeting of the Council of Profit-Sharing Industries [BW—Dec. 10 '49, p. 86]. This report unfortunately completely misconstrues what I said.

At no time did I indicate that profit sharing might be considered an acceptable substitute either for higher wages or for pensions, nor did I at any time indicate what your reporter terms a "conversion" to profit sharing.

I did stress the point that profit sharing would be acceptable only in those unionized plants where basic wages and working conditions were satisfactory and where profit sharing was the result of negotiation between the employer and the union.

At no time did I indicate a belief that profit sharing was the answer to our current economic problems. I did say that profit sharing might, in certain carefully controlled instances, be one way by which industry might share some of its profits with its workers.

GEORGE BALDANZI

EXECUTIVE VICE-PRESIDENT

TENTILE WORKERS UNION OF AMERICA
NEW YORK, N. Y.

• BUSINESS WEEK erred in describing Mr. Baldanzi as a "convert" to profit sharing. Mr. Baldanzi, we fear, errs in his reading of BUSINESS WEEK's story. The points he objects to were reported, not as his remarks, but as the conclusions drawn by management advocates of profit sharing from his significant and newsworthy presence at a meeting of the Council of Profit-Sharing Industries.

Train or Plane?

Sirs:

In several respects your article "The Coming Air-Rail Battle" [BW—Dec. 3 '49, p. 19] is misleading. This is in sharp contrast with your usual informed and highly intelligent treatment of railroad matters.

You show a comparative chart of New York-Chicago "fares" (your word) by bus, rail, and air. But you have quietly added a lower berth charge to the fare by Pullman.

And if you wish to go beyond the fares themselves, as you have done for Pullman, then you should add to the air fares the not inconsiderable limousine charges, which total \$2.50 on a one-way trip and \$5.00 on a round trip between downtown New York and downtown Chicago. You might also ponder a bit about the matter of a hotel

bill which results in a number of cases.

The actual Chicago-New York first class rail and air fares, without the extras which are quite difficult to compare unless you examine each person's precise destination and length of stay individually, are: one-way by rail, \$40.89; one-way by air, \$44.10; round trip by rail, \$73.60; round trip by air \$83.80.

You don't with any degree of clarity define the limitations of "air coach," which isn't at all comparable with rail coach. As you know, air coach is restricted to the inconvenient small hours of the morning, whereas you can take rail coach anytime around the clock, as many business travelers do, and on most mainline trains enjoy the finest of new cars. Furthermore, there are no extras on rail coach except, in the case of just a few leading trains, a small seat reservation charge which runs as low as 25¢, and which is \$1.00 one-way or \$2.00 round trip on the overnight New York-Chicago Pacemaker, for example. On the other hand, with air coach there still remains the limousine charge.

The New York-Chicago one-way rail coach is \$30.71 compared with \$29.60 for inconvenient air coach. The round trip, which virtually all travelers need, shows a very decided advantage for rail, at \$46.75 by rail and \$59.20 by air coach.

RAYMOND F. BLOSSER

MANAGER, PRESS BUREAU
NEW YORK CENTRAL SYSTEM
NEW YORK, N. Y.

• On the basis that practically everybody with a New York to Chicago first class ticket buys at least a lower berth, BUSINESS WEEK included a berth charge in figuring the New York-Chicago first class fare.

Holy Year Rome Tours

Sirs:

We are sorry to note [BW—Dec. 17 '49, p. 54] that you associated National Headquarters of the Holy Name Society with the Felix Roma-Pan American low cost tours. There has been no association between the respective organizations other than merely preliminary talks, and I deeply regret that you intimated that we made any arrangements with these groups. Your account has caused Holy Name Headquarters considerable embarrassment.

HARRY C. GRAHAM, O. P.

NATIONAL DIRECTOR HOLY NAME SOCIETIES, NEW YORK, N. Y.

• BUSINESS WEEK regrets that publication of a picture of Father Graham with a Felix Roma representative, taken at the press conference at which Pan American Airways announced its low cost tours, gave the impression the Holy Name Society was connected with the enterprise.

Why do some trains ride smoother than others

Look at picture No. 1 below. That's what you see on the truck of a railroad car equipped with Hyatt Roller Bearing Journal Boxes.

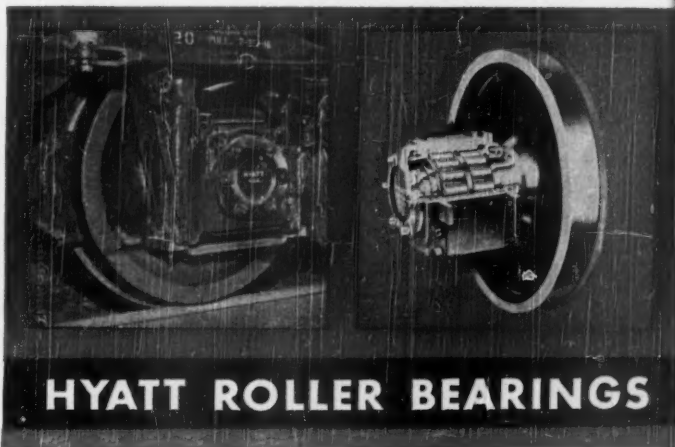
The cut-away picture, No. 2, shows the Hyatt roller bearings which enable the train to start and stop smoothly and give you greater riding comfort.

Many famous name trains are today rolling on Hyatts—in the diesel locomotive at the head and every car it pulls.

Hyatt equipped trains give noticeably smoother riding, and you'll be riding more of these Hyatt-Smoother trains from now on. Hyatt Bearings Division, General Motors Corporation, Harrison, New Jersey.

No. 1

No. 2



Traveling



Salesman

Entertainment has always drawn a crowd. The crowd has always sought it, or waited for it to come to them. Wherever there was a crowd, there were customers. And wherever there were customers, there were people with things to sell. (*A crowd that was in a good mood always bought more*).

Today the entertainer still gets the crowd, only he gets it faster and bigger. Through radio he reaches crowds of ten and twenty millions in a split second. *And along with him goes the advertiser.*

In radio the largest crowds gather at that point on the dial where the entertainment is the best. That point today is CBS.

For the Columbia Broadcasting System continues to be the most creative network in providing the kind of entertainment which captures the largest audiences.

Only on CBS will you find most of the *sponsored* programs with the largest audiences in radio (11 out of the "top 15").

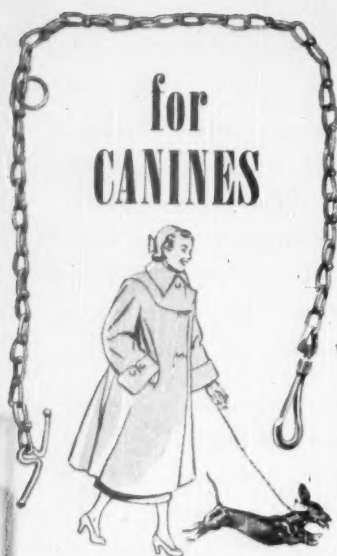
And only on CBS can advertisers find most of the *available* programs with the largest audiences (7 out of the "top 10").

This is what makes CBS the most effective traveling salesman in radio...reaching more people with better entertainment...making the strongest impressions in all advertising.



CBS

—where 99,000,000 people gather every week



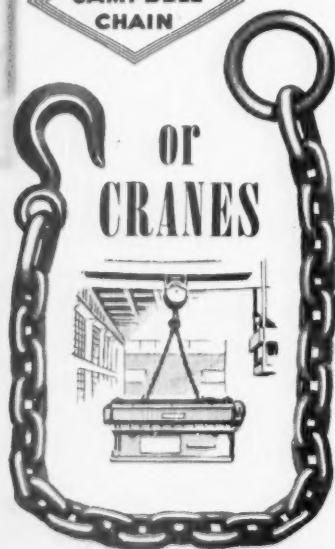
Whether it's walking your dog or performing the heaviest industrial work, Campbell can supply a superior chain for the job.

The Campbell line includes chain for every need; industrial, marine, farm and automotive.

Campbell facilities are complete in every detail to build the chain to do your job.

CAMPBELL CHAIN Company

York, Penna.
(International
Chain & Mfg. Co.)



PRODUCTION

A Boom in Porcelain Enamel

New developments in steel and frit-processing cut costs of enameling, make product easier to handle. Industry sees openings in new markets, from buildings to electric transformers.

You'll be seeing more porcelain enamel around, for the industry, bent on expanding its markets, had encouraging news last week. Porcelain enameling is getting easier for manufacturers to use. And it's getting cheaper.

The porcelain-enameling industry has been up against a "cost-blocked" market for years. Consumers like the shining white finish. But they haven't liked its high price.

The high costs had two main causes: Porcelain enameling requires specially finished steel sheets; and it requires special frits that have to be processed at high temperatures. (Frits are the compounds that fuse to a glasslike coating over the steel base.)

Now two developments have combined to bring the cost down:

Steel makers have developed steel sheets that don't need extra processing.

Frit makers have come up with lower-temperature frits.

The effort at cost cutting ended up with an improved product. The porcelain enamer will benefit from fewer rejects, savings in fuel costs, increased furnace refractory life. For the buying public, it means enamels that are whiter and less likely to chip.

Add all the factors together, and you get a door wide open to new commercial uses. Porcelain-enamel makers predict they're in for a boom.

Here's a summary of the progress to date:

I. Frits

The big story on frits is that they can now be made so that they can be applied to steel at a lower temperature than used to be possible. Lithium is the secret in this process. As a frit melts, it requires a fluxing material. Traditionally, this has been barium, boron, sodium, or potassium. The industry knew that lithium would help the frit melt at lower temperatures. But until recently, lithium has cost too much. Wartime developments have made lithium available in quantity at about half its former price.

• **Effect on Steel**—The lower temperature means a savings in heating costs. But much more important is its effect on steel. Steel's critical point is 1,520F

to 1,550F. Above that temperature, it tends to distort in the enameling process; below, it keeps its true shape. With lithium, the frit can be applied to steel below the 1,500F mark. It can even be applied to its base material at 900F. This means it can be applied to aluminum.

Practically all of the major frit suppliers have these low-temperature frits. Ferro Enamel Corp. has an extremely low-temperature frit, which does not contain lead. This is semi-acid resistant, and no ground coat is needed.

• **Electric Furnace**—Improved frits demand more accurate formulation and heat control. Frit-making furnaces had always burned oil or gas—even coal—until Ferro came along a year ago with an electric frit furnace. Now the company has one in Cleveland and two in Nashville, Tenn., where TVA power is available. The electric furnaces provide tight control of temperatures during the melting process. Operating costs will be about the same; cheaper labor for the electric furnace will offset the higher cost of electricity. All of Ferro's furnaces will be electrically heated in the future.

• **Too Good a Job**—All these developments are grist to the frit makers' mill. They have been up against an odd handicap. Over the past ten years, they have improved their product so much that they were, in a sense, working themselves out of business.

Thus, ten years ago, it took about 50 grams of frit for each square foot of enameled surface. Today it takes about 18 grams. That doesn't help the frit maker sell frit.

The high cost of progress has shown up in another way. Today's frit recipe calls for titanium oxide. The titanium improves acid resistance, and surface hardness. It also makes an extra-white finish. For that reason, the coat of frit can be thinner.

II. Steel

The problem here has been the special finish that steel sheets must have to take the porcelain-enamel coating. Now Armco Steel Corp., long-time supplier of enameling sheet, has a one-coat steel sheet just about ready for the industry. The enamer will still have to



Your Office Manager—"You wouldn't believe the *space* it saves. One handful of Burroughs microfilm takes the place of 24 full drawers of files!"



Your Employees—"You wouldn't believe the *time* it saves. Why—with checks, for instance—I photograph both sides as fast as six per second!"



Your Treasurer—"You wouldn't believe the *money* it saves. Pays for itself in no time by savings in labor, rent, filing equipment and grief."



Your Auditor—"And Burroughs Microfilming saves me headaches too. That's because it records everything with *photographic accuracy*."



Your Lawyer—"Don't forget the protection Microfilming gives. It's the best possible safeguard against documents being altered, lost, stolen or misfiled."



Smartly styled recorder—one of the units in a modern line of microfilm equipment built by Bell & Howell, sold and serviced by Burroughs.

Everybody benefits from Burroughs Microfilming!

Yes, Burroughs Microfilming saves space, time, money. It gives you accuracy and protection. But that's not all.

Burroughs' 60 years of solving business problems by machine assures you businesslike recommendations. If Microfilm won't fit into your overall office operation—we'll say so. If we say it will—you can know it's a sound recommendation.

Burroughs nationwide service organization will make sure

your microfilm equipment gives you the utmost service. Microfilm can be processed quickly at any of 22 convenient laboratories, or in your own office.

Burroughs Microfilm equipment is built by Bell & Howell, the leader in quality photographic equipment. It is sold outright—saving you lease charges. See for yourself how it can help your business. Give your local Burroughs office a call, or write—

BURROUGHS ADDING MACHINE COMPANY
DETROIT 32, MICHIGAN

TWO IMPORTANT NAMES IN MICROFILM



WHEREVER THERE'S BUSINESS THERE'S

Burroughs



SELL your products to a
bigger world market!
BUY the greatest array
of the world's wares!



A Sellers' Market! Reach the cream of the world's buyers! They'll be here, drawn by the truly international scope of this great American world trade fair. So if you are looking for a world market whose customers are ready, willing and able to buy—exhibit in this tremendous trade show at Chicago and help that sale.

A Buyers' Market! You would have to go on a round-the-world buying trip to match the grand scale of this biggest buying event in history. Leading international manufacturers of all types, attracted by the magic lure of American dollars, will display their wares in one city, at one time.

So combine several buying trips into one...plan now to attend this marvel market of modern merchandising in Chicago!

Nearly 1,000,000 square feet of display space in Chicago's largest exhibition halls will be devoted to this tremendous business event. Remember, the world will be there!

Write today for information on your profitable participation as an exhibitor or for details on the buyers' advance registration plan.

MAIL THIS
COUPON
TODAY

FIRST UNITED STATES
INTERNATIONAL TRADE FAIR, DEPT. U
MERCHANDISE MART, CHICAGO 54, ILL.

Check which is desired.

- ☐ Please send me advance registration information for buyers.
☐ Please send me details on space for exhibitors.

Name _____

Firm _____

Address _____

City _____

State _____

give the new sheet a nickel flash coating to bond the steel and the porcelain enamel.

Republic Steel Corp. is close behind; it is going to supply a sheet with a flash coat so thin you can't detect it. All the enamelers has to do is put on the enamel.

III. New Uses

Now that it is possible to use thin-gage steel without distortion, the industry has gone into the architectural field. Porcelain-enameled homes are already a commercial product—but the industry has made only a start in this direction. There are possibilities for porcelain-enameled sheets as curtain walls for buildings, to replace brick or stone. Stainless steel and aluminum have both already cracked this market. A porcelain-enameled building would be easy to clean, wouldn't corrode or discolor.

Another building potential for light-gage steel with one-coat porcelain enamel is interior tiling. It's estimated that 200-million sq. ft. of baked, painted, and plastic tile are now used annually.

• **Electric Utilities**—The electric utility business is another of the industry's hopefuls. Years ago, porcelain enameled made a stab at electric transformers. The high-temperature bugaboo blocked that road, because the steel would distort and bend. With that bugaboo licked, a few of the new transformers have already been installed in the Cleveland area, on an experimental basis. So far, the utilities have shown little interest, but the porcelain-enamel makers feel that the economics of their product will win a market.

The high cost of porcelain enameling has discouraged its use in switch plates and electric outlet plates in the past. With the costs down, these items, used in the millions every year, are another target for the porcelain enameled.

• **Heaters and Coolers**—Space heaters look like another good bet—once again, thanks to the low-temperature frits. The new enamel possesses good light-emission qualities: in heating chambers it would put out heat in a hurry.

Low-temperature frits mean that more refrigerator manufacturers and home-freezer makers can afford to cover their products, outside as well as in, with porcelain enamel instead of baked enamel. By February, one company will be turning out 1,000 boxes a day, completely porcelain enamelled.

You can even look for porcelain enamel on your automobile. Auto makers haven't taken too kindly to the idea of porcelain-enameled mufflers and tail pipes, because they would require special engineering for the initial installation. But such parts might last the life of the car, and the enameleders are out to sell the idea to the auto industry.

PRODUCTION BRIEFS

A product-development staff has been set up by Gulf Oil Corp. Three subdivisions will handle automotive products, industrial products, and quality control.

A movie about plastics in the research sections of Massachusetts Institute of Technology is ready for distribution to engineers, technical societies. Sponsor is the Society of the Plastics Industry.

Recipe for iron powder is listed in the Metal Powder Assn.'s latest bulletin. Standards are set for total iron content, amount of metallic iron and oxides.

Price cut on paraffin by Diamond Alkali Co. lowers the cost of the resinous chlorinated product by 15%. Expanded output has shaved Diamond's costs.

A \$3-million rail-slitting mill is planned by Colorado Fuel & Iron Corp. at Pueblo, Colo. Retail products will be made from old steel rails and rejects.

Soil pipe is cast centrifugally by a machine developed at Combustion Engineering-Superheater, Inc., Chattanooga, Tenn.

Motoring underwater? Willys' new military Jeep has an engine that won't stall even when it's completely submerged.

Steam engines will be eliminated from Luken Steel Co.'s 206-in. rolling mill, electric motors substituted. Changeover should increase capacity 10%.

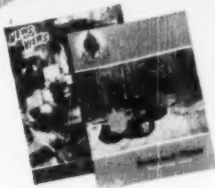
TV tube manufacture will be the first project for study at a new pilot plant built by Corning Glass Works at Corning, N. Y. Object: development of better production methods.

Distillation Products, Inc., wholly owned subsidiary of Eastman Kodak, has been dissolved as a corporation. It now becomes a division of Eastman under the name, Distillation Products Industries. The DPI trademark is unchanged.

Radio and TV research for Motorola will be done at a new plant at Phoenix, Ariz. Company plans a 40,000 sq. ft. building, a staff of 150. Year-around outdoor testing will be possible.

Street cars will fight rust in Pittsburgh this winter with a rust inhibitor, Banox, made by Calgon, Inc. The chemical will be used to counteract the rusting action of rock salt.

Caterpillar Tractor Co.
cut down printing costs....



by switching to lower cost, high fidelity

Consolidated ENAMEL PAPERS

• Printing 28,000 copies every two weeks of an outstanding employee magazine like "Caterpillar's" NEWS AND VIEWS requires exceptionally good paper to give consistently sharp, clean reproduction and present a crisp, attractive appearance to the reader. Yet most enamel papers which have these qualities command a premium of several cents a pound—thousands of dollars on the several carloads NEWS AND VIEWS uses annually.

Like many other commercial printing users, "Caterpillar" found the answer to these requirements *without premium cost* by switching to Consolidated Enamel Papers at a saving that averages 15 to 25% below the cost of premium-priced enamels formerly used.

The secret of the lower cost which makes such substantial savings possible is the modern method by which Consolidated Enamels are made. Instead of the several costly steps still in use by other papermakers, Consolidated Enamels are manufactured, simultaneously enameled on both sides, in a single high-speed operation.

We hope you'll pass this "secret" along to those concerned with the purchase of your own printing. Suggest that they try Consolidated Enamels on a regular run of your magazine, advertising material, or any other fine printing job. They'll probably be surprised at the amount of the saving. Certainly, you'll be pleased by the sparkling quality of the printing itself.

© C. W. P. & P. Co.

Consolidated ENAMEL PAPERS

CONSOLIDATED WATER POWER & PAPER COMPANY

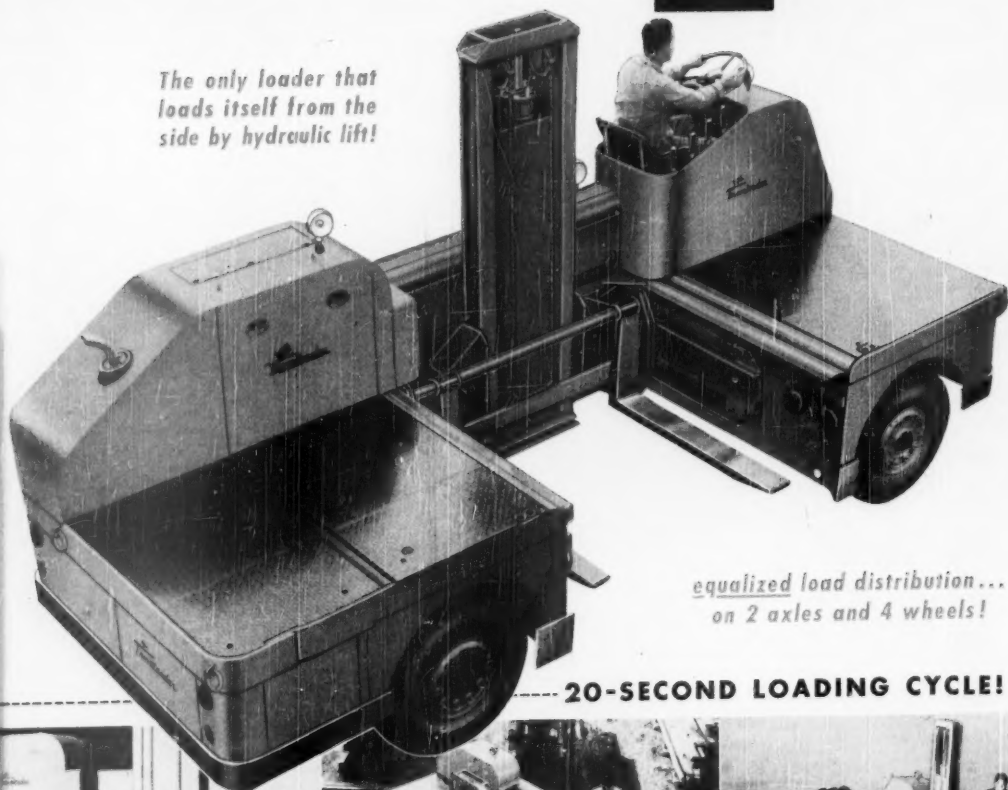
Makers of Consowald—decorative and industrial luminaires

Main Offices: Wisconsin Rapids, Wisconsin

Sales Offices: 135 So. LaSalle St., Chicago 3, Illinois

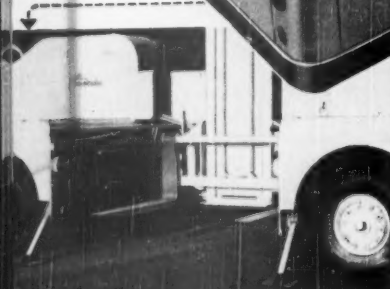
Meet the Lull

*The only loader that
loads itself from the
side by hydraulic lift!*

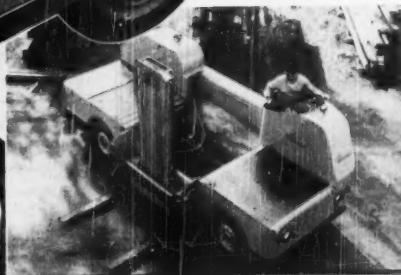


*equalized load distribution...
on 2 axles and 4 wheels!*

20-SECOND LOADING CYCLE!



TO START LOADING, hydraulic stabilizer jacks are lowered for rock-solid bracing.



TO PICK UP LOAD, tower slides sideways 72°. Forks take load, tower tilts in 5°.



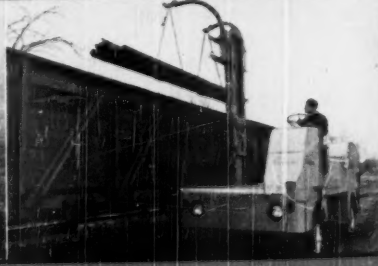
TO BRING LOAD ABOARD, forks move up, in and down by swift, smooth hydraulic power.



LOAD RIDES SECURELY ON PLATFORMS, equal weight on two axles and all tires.



SPOOLED CABLE ATTACHMENT lifts steel on spindles, powered for reeling.



DOUBLE CRANE ATTACHMENT gives high, wide reach for unloading goodies.

Traveloader

**FOR LIFTING, LOADING, STACKING AND HAULING:
STEEL, TIMBER, PIPES, POLES, PALLETS, SPOOLED CABLE,
AND HUNDREDS OF OTHER MATERIALS**

A combination fork-lift truck and motor truck, the Lull Hydraulic Traveloader is the only machine that can self-load and transport material lengthwise, handling anything from 6 to 66 feet long. It also does some of the work of a straddle buggy, tractor and yard crane.

Working in aisles little wider than its own body, it stores up to 60% more material in a given space than any front-lift truck. As a motor truck, it makes runs of "50 feet to 50 miles" at speeds up to 30 mph. It works in storage yards; for distribution of steel stock to machines; in railroad freight operations; for dockside cargo handling; in pole yards; and wherever big loads must be picked up, loaded, moved, stacked or handled.

To make its operation clear, let's describe a typical job. You want to unload 2 cars of 30' steel pipe. One carload goes to the welding shop, the other to racks in the yard. (1) Traveloader pulls up flush against the flatcar. (2) Tower and forks slide out to pick up a 10,000 lb. load. (3) Tower tilts backward, to cradle

the pipe. (4) Tower slides in again; load is lowered gently to the Traveloader platforms. (5) Move one carload to the shop... Traveloader distributes it on the floor. (6) Move the other carload to storage... Traveloader stacks it on racks up to twelve feet high.

Accessory units handle a variety of specialized jobs. The cable handling attachment is a spindle that fits through the cable drum, lifts it aboard, transports it, and provides power for braking or reeling as Traveloader moves along. The double crane attachment has many obvious uses for high, heavy special lifting and carrying jobs... for handling awkward loads... for big pipe-laying operations... and elsewhere.

The Traveloader is available in ten models and three sizes: 3,000, 10,000 and 30,000 lbs. capacity.

Where will you use the Traveloader first? To help decide that, you'll want our literature describing its construction, operation and record of use. Mail the coupon below, and we'll send you this interesting material.

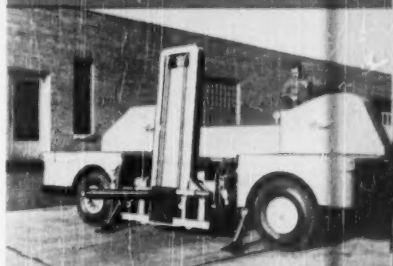
LULL

MANUFACTURING COMPANY
MINNEAPOLIS, MINNESOTA

Mail coupon for
**TRAVELOADER
LITERATURE**



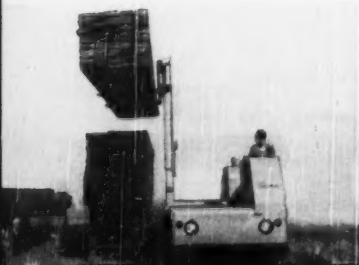
TWO LOADS IN ONE TRIP Cranes have picked up second load; will lower it to platform.



RAM FOR STRIP STEEL and other heavy loads — distributes the load equally on all wheels.



SPARE TIRE AND TOOL COMPARTMENT at side of rear platform.



LIFTS 10,000 LBS. 12' HIGH, 64" OUT... for assembling high-stacking work.



30 MPH five mph



steering booster.

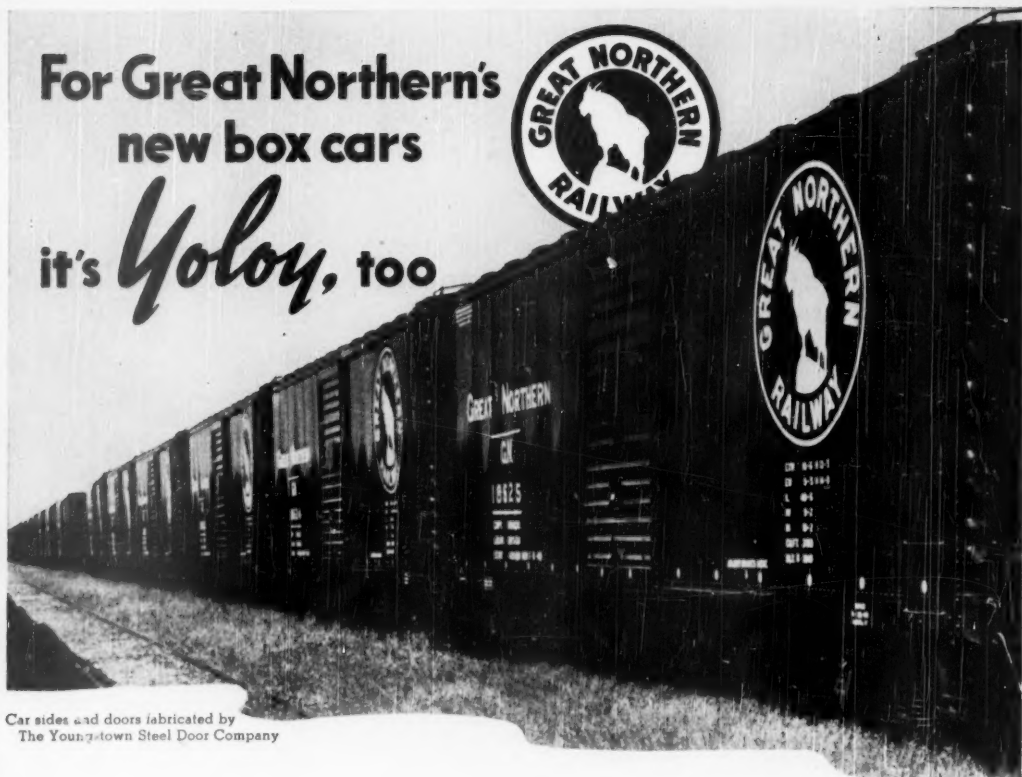
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NAME _____ POSITION _____
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CITY _____ STATE _____

For Great Northern's
new box cars

it's *Yoloy*, too



Car sides and doors fabricated by
The Youngstown Steel Door Company

THREE thousand new box cars, built by the Great Northern Railway since the war, using Yoloy Steel.

Use of this high tensile steel brings three major improvements: (1) Dead weight of rolling stock is reduced; (2) fabrication of Yoloy is easy; (3) car life is lengthened and maintenance lowered.

Yoloy is Youngstown's high strength, low alloy, nickel-copper steel. Because of its extreme toughness and extra strength, Yoloy can be used in thinner sheets and lighter structural members

than usual, without loss of over-all strength. This results in lighter weight construction which not only reduces the cost of dead weight hauls, but permits increased payloads as well.

Yoloy also has unusual ability to resist corrosion, and is highly resistant to abrasion and shock at sub-zero temperatures. It welds and forms easily. It has proved its all-round value as a weight-saving, long-life construction material in rail transportation for more than 15 years.



Youngstown

YOLOY STEEL

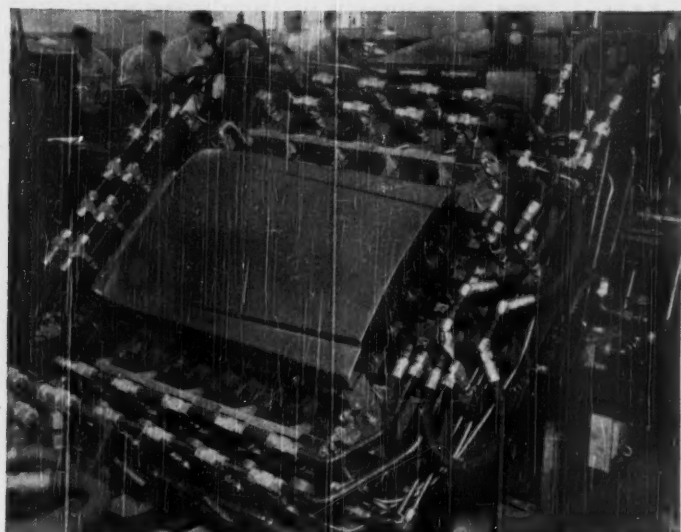
THE YOUNGSTOWN SHEET AND TUBE COMPANY

General Offices — Youngstown 1, Ohio

Manufacturers of Carbon, Alloy and Yoloy Steel

Export Office - 500 Fifth Avenue, New York

SHEETS · PLATES · WIRE · ELECTROLYTIC TIN PLATE · COKE TIN PLATE · RAILROAD TRACK SPIKES · CONDUIT · PIPE AND TUBULAR PRODUCTS · BARS · RODS · COLD FINISHED CARBON AND ALLOY BARS



PUSHBUTTON HYDRAULIC MACHINE, with a battery of Prestolizing tools, punches and forms 38 integral nuts in refrigerator door—all in one operation.

Automatic Nutmaker Fastens Without Nuts

The nut-and-bolt fastener has an ancient and honorable history. But its heyday is on the wane. It has been waning, in fact, for several years. For light assembly jobs, sheet-metal fasteners have taken over in many lines.

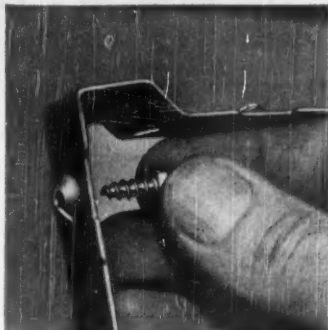
You'll run into the fasteners in lots of places—in your car, to hold fenders on, on stoves, refrigerators, radios.

• **Simple**—The beauty of the sheet-metal fastener is its simplicity. This means big savings in manufacturing costs. All the fastener is, basically, is a heat-treated bit of steel, specially formed to receive and hold a screw or projecting lug on the part to be fastened. The fasteners snap into place, put the screw under tension, and hold on. The assembler still has to punch holes in his sheet.

• **No Nut**—Prestole Corp., Toledo, Ohio, has gone these fasteners one better; instead of selling nuts, it's selling tools to make them—tools that form a "nut" right on the sheet being fastened. Its tools not only punch the hole in the parent metal but also form the hole to the contour of the screw. You can set the tools up on your own punching machines. Big advantage: They work on automatic operations.

Last week Prestole launched a new promotion job for its process, which it calls "Prestolizing." Its goal: to start manufacturers redesigning products to make fuller use of the process.

• **Here's How**—Here's what the process does. Special punches and dies (top



BUILT-IN NUT: Sheet metal is extruded to a conical shape that grips screw thread.

picture) pierce the metal, form it to a conical shape conforming to the pitch of the screw thread (picture above).

The conical form of the extrusion gives a 360-deg. grip on the thread, Prestole says. That increases the amount of torque or twist you can put on the screw. The process works equally well with mild steel, spring steel, stainless, brass, or aluminum sheets up to $\frac{1}{4}$ in. thick, the company reports.

One refrigerator maker has set up a machine that forms 38 separate "nuts" in the refrigerator door at one stroke. That eliminates 4-million nuts a month, Prestole reports. And he would have had to make the holes anyway.

Prestole licenses the process, furnishes tools that can be adapted to any press production line, or to existing lines.

VIA Rapistan®

Fish.....



Flowers.....



Furniture.....



And food, forgings and fertilizer! Every working hour, these and hundreds of other products are handled efficiently and economically on cost-reducing, space-saving Rapistan Material Flow® equipment.

Among people who know handling equipment, Rapistan ranks first. The reason? ... *supreme dependability*. Rapistan conveyors are designed to give trouble-free service long after most others have been replaced. Whether you need a single conveyor, or a complete "Flow" system—product movement through processing, packaging, storage and distribution—buy Rapistan! It's profitable.

SEND FOR YOUR COPY of "Rapistan Material Flow at Work." See how carloading was cut from 80 to 8 man hours; a processor saved \$200 weekly; production speeded up 75% ... and how Rapistan can work for you!

The RAPIDS-STANDARD COMPANY Inc.
167 Rapistan Bldg., Grand Rapids, Mich.



Representatives in Principal Cities



*T.M.



A. O. Smith Builds ELECTRIC MOTORS

for hundreds of products, including
Binks Spray Systems

BINKS BELT-DRIVEN EXHAUST FANS are designed to provide maximum exhaust per hp used for paint spray booth application. Aluminum aero-type fan is driven by V-belts passing through dust-tight housing. Fan sizes 18, 24, 34, and 42 in.

A. O. SMITH ELECTRIC MOTOR for the fan illustrated is a 3-phase, 220/440-v, 1750-rpm, 66-frame, ¾-hp standard motor.

BINKS STATIONARY AIR COMPRESSORS are single-stage automatic units, single cylinder and double cylinder. Features include Timken main bearings, non-breakable steel valves, dustproof crankcase, intake filter and silencer.



A. O. SMITH ELECTRIC MOTOR for single-cylinder unit shown is 3-hp, single-phase, capacitor-start, 1750-rpm, 115/230-v standard motor.

If you seek improved performance in your product... if you require special characteristics in your power component, in either standard or custom-built electric motors... consult the A. O. Smith sales engineer. He offers you the complete facilities of the research and engineering staff at A. O. Smith, to help integrate electric-motor design with your product design. Two products of Binks Manufacturing Company, Chicago 12, shown here, are typical examples of this A. O. Smith service.

24-HOUR MOTOR SERVICE. To more than 200 authorized service stations, the A. O. Smith Product Service Division provides fast, low-cost electric-motor service, on a 24-hour, off-the-shelf basis. Factory Service Branches and Warehouses at Union, N. J., Chicago 17, Dallas 2, Los Angeles 12.

Ask the A. O. Smith sales engineer about electric motors for both standard and special uses

A. O. Smith Corporation, Dept. BW-150
5701 Smithway St.
Los Angeles 22, Calif.

Without obligation, send us information on
A. O. Smith Electric Motors.

Name

Firm

Street

City State



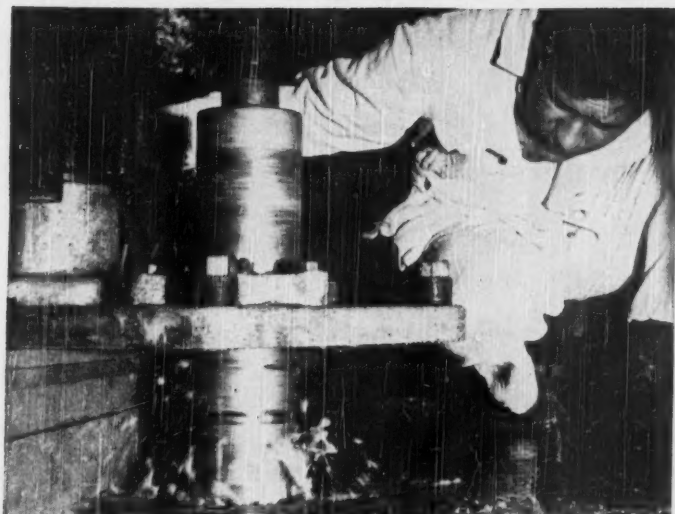
A. O. Smith

ELECTRIC MOTORS

Boston • New York • Pittsburgh • Cincinnati • Syracuse
Cleveland • Atlanta • Chicago • Minneapolis • Detroit
Milwaukee • Houston • Tulsa • Dallas • Denver • Seattle
Los Angeles • San Francisco

Motor Export Department: 13 East 40th St., New York 16

PICTURE REPORT

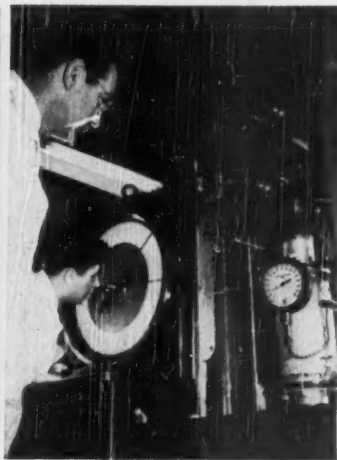


WHIRLING at high speed, water-cooled drill bites into a road to cut an asphalt core.

Mobile Drill "Samples" a Road



MOBILE DRILL mounts on the back of a pickup truck, is powered by its own gasoline-driven engine.



PRECISE TESTING of road surface can now be done in laboratory. Here, 30-ton press simulates actual road loading.

TO test the endurance of different asphalt mixtures, Shell Oil Co.'s research laboratory at Wood River, Ill., has a mobile boring rig that cuts a cylindrical sample out of a road.

The drill looks like a piece of pipe, has one end studded with industrial diamonds. Water sprayed over the drill and into a cut keeps the temperature down during cutting.

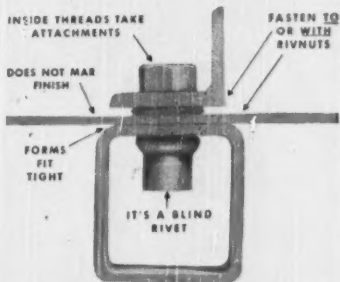
In the laboratory, technicians can

make a variety of tests. For instance, they can crush a sample on a press; this tells how well a road mixture stacks up under load conditions. From the way the asphalt breaks down under pressure, the technician can tell whether the mixture is properly proportioned and, if not, what ingredients are lacking. With these data, mixtures can be developed in the laboratory to meet specific road conditions, thus increase road life.

New fastener cuts assembly costs



RIVNUTS—the only one-piece blind rivet with threads—can be installed by one man in two seconds with an easy-to-use tool. Man-hours of assembly work are greatly reduced.



THIS FASTENER serves as a blind rivet—for hard-to-reach places where ordinary fasteners won't work. And it has six inside threads for attaching additional parts with screws. Fasten to it, with it, or both!

SEND FOR FREE DEMONSTRATOR

Chances are, Rivnuts can cut production costs and improve product quality for you. Send now for a free Rivnut demonstrator that shows with motion how Rivnuts work. Clip coupon below or write to The B. F. Goodrich Company, Dept. B-10, Akron, Ohio.

B. F. Goodrich RIVNUTS

THE ONLY ONE-PIECE BLIND RIVET WITH THREADS

The B. F. Goodrich Co., Dept. B-10, Akron, O.
Please send me a free Rivnut demonstrator.

NAME _____

TITLE _____

COMPANY _____

ADDRESS _____

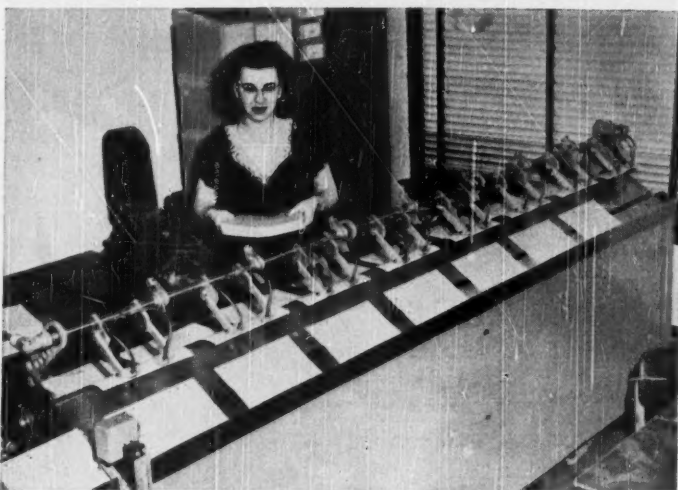
S POT stock with Hansen Storage, Milwaukee ... make Wisconsin's largest warehouse your branch serving this billion dollar market ... and learn how easy it is to:

1. Take a time-jump on competition
2. Net many new freight-rate savings
3. Save money on mechanized-handling
4. Wipe out waste warehouse overhead

HANSEN STORAGE CO.
Milwaukee, Wisconsin

118 N. JEFFERSON ST.

NEW PRODUCTS



VACUUM FINGERS pick up pages in the right order, assemble them into booklets.

Machine Collates Business Booklets

Pamphlets up to eight pages can be collected and arranged in proper page order at the rate of 4,000 an hour.

For offices and plants that publish their own booklets and pamphlets, collating the material—arranging the pages in the right order—is usually a manual operation. Making up each book, page by page, by hand, takes a lot of time, is tiresome for employees assigned to the job.

Keith Macey, a Cleveland (Ohio) engineer, has developed a machine for eight-page books that collates up to 4,000 an hour. Distribution will be handled by Harris-Seybold Co., Cleveland.

Sheets for a book are loaded into a row of hoppers on the machine. Each hopper holds up to an hour's supply of a single page at the peak operating speed. The collator is adjustable for fewer than eight sheets, or for slower operating speeds.

Each page is picked off its stockpile by a vacuum-type, concave gripping device. Suction from a gripper prevents more than one of the same page from getting into the book. Pages are deposited one on top of another in the proper order in a tray that conveys them to a hopper at the end of the machine.

The current model of the collator can handle most kinds of paper. It's adjustable to take sheets ranging in size from 5½ x 7 in. to 9 x 12 in. Regular carbon paper may be collated, making the production of tablet forms a simple operation.

An electric circuit turns the machine off automatically if it detects any mistakes in the sequence of the pages being collated.

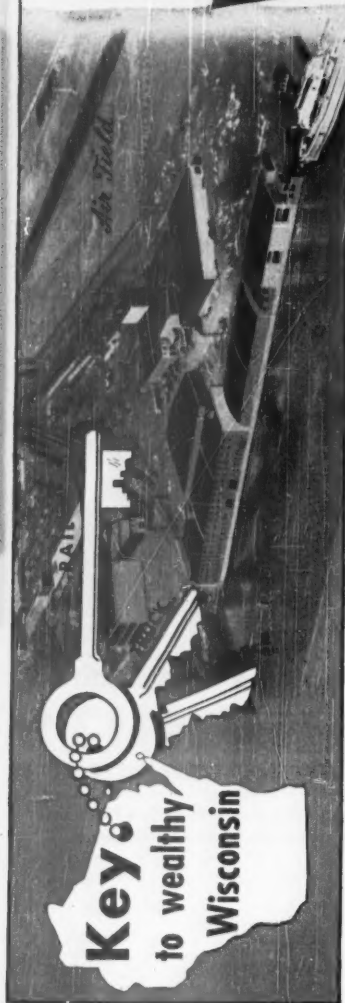
By next March, Macey expects to have an envelope stuffer in production as an attachment to the collator. The stuffer is expected to slide up to 8 collated sheets into envelopes at the rate of 2,400 per hour.

GE DESIGNS TURBINE STARTER

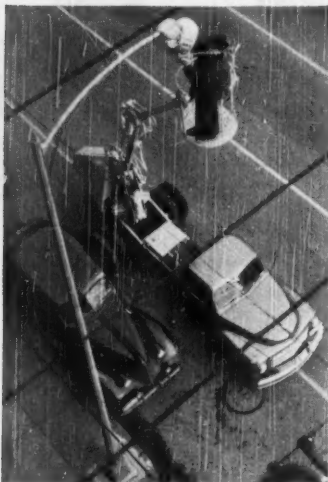
There's always been one big difficulty with gas-turbine powerplants—starting them. To get them turning, you must make a number of complex equipment adjustments in a set sequence.

But it looks as though General Electric's Switchgear Division has figured out a shortcut. Switchgear engineers have developed a self-starter for gas turbines that is said to be fully automatic. The unit was originally designed for Central Maine Power Co.'s 3,500-kw. gas-turbine plant.

Here's how GE's starter works: First it brings the air compressor up to partial speed to provide sufficient air for the turbine unit to be fired. Then it opens the fuel valve, injects diesel oil into the combustion chamber, and ignites the starting charge. After the turbine has reached operating speed, fuel valves are automatically switched over to low-grade



Bunker C oil used in normal operation. The starter also stops the engine automatically. When temperatures or fuel or air pressures get too high, emergency controls shut the plant down.



Mobile Hoist for Lamp And Traffic Light Fixers

Some time ago Stemm Bros., Leavenworth, Wash., started experimenting with a mobile hoist that eliminated the step ladder for apple picking in orchards. Standing on the platform of the hoist, a picker could raise himself to any height or position in a tree for quicker, easier apple harvesting.

But the company figured that street lights, traffic signals, and display signs are just as inaccessible as apple trees. So it's marketing the hoist as an aide to utility maintenance through its sales representative, Maxwell & Associates, Northern Life Tower, Seattle 1.

The worker's platform is at the end of a double-jointed steel boom mounted on a 1-ton truck. The boom has the action of a human elbow and wrist, enables the operator to work in and out of tight spaces as high as 27 ft.

The whole works runs from a power-takeoff on the engine of the truck. Three finger-tip controls on the operator's platform position the boom hydraulically. The boom has a lifting capacity of 400 lb. (including the weight of the operator).

WHIRLING TUBE AD DISPLAY

A new-type advertising display has come from—all places—the psychology department of Marietta College, at Marietta, Ohio. A researcher at the school who recently developed an ap-

paratus for color psychology found that he had also come up with an effective arrangement for commercial displays.

Brilliantly colored neon tubes whirling rapidly on a pinwheel-like base form a transparent rainbow of light. Behind the device, made by Rotoflex Corp., 2547 Taylor Road, Cleveland Heights 18, Ohio, an advertiser's message flashes through at regular intervals.

Available in sizes from 1 to 12 ft. in diameter, the sign can be purchased as a basic unit including a mechanism to drive and power it. The company also supplies a complete sign with the desired message already installed. The wide range of sizes allows the sign to be used in almost any location, on a shelf in a retail store or on an outdoor billboard.

Shortcut From Color Film To Monochrome Print

To make a monochrome print from a color transparency is a complicated business. First the photographer makes a negative of the transparency. Then he develops and dries it in total darkness. Finally he makes the prints from the negative.

With Diaversal printing paper, developed by Gevaert Co. of America, Inc., 425 W. 55 St., New York, you get rid of this recopy work. Sepia-colored contact prints or enlargements made on the paper are taken directly from the original film.

A color transparency or film is projected on Diaversal paper in a darkroom under an ordinary safety light. Then the print is placed in three solutions: a regular print developer, a special solution developed by Gevaert, and finally a conventional brown toner. Gevaert says this toner does away with the chalky look that you often find in copies of color originals.

The company suggests several uses for the paper. Color photographers can show their work in inexpensive monochrome prints without putting their color shots to too much handling. Advertisers will be able to make single color engravings from color originals. The amateur photographer can make sepia prints of color movie film shots.

NEAT NIP ACCESSORY

Plastics are appearing in a new gadget for your home and office bar—or even your vest pocket. The gadget is called Bar Kit: It's a little 3½ by 1½-in. container that nests four jigger-sized cups. The container can be embossed with advertising slogans, or any type of reproduction desired. The maker is Charms & Cain, 407 So. Dearborn, Chicago 5.



IT would repay you to review your present marking system for boxes, labels, tags, tickets, etc., and the marking of your product.

MARKEM offers specific plans, machines and inks for making your marking more attractive, more legible, for speeding up production, and to effect substantial savings over your present system.

For 38 years MARKEM has been solving marking problems and improving systems in every field, in every business, marking on paper, textiles, plastics, glass, leather, industrial tapes and pressure sensitive tapes. Our experience includes marking of piece work tags, job tickets and payroll slips.

We would be glad to talk with you about your marking, and furnish concrete examples of improved systems and cost reductions achieved in situations similar to yours.

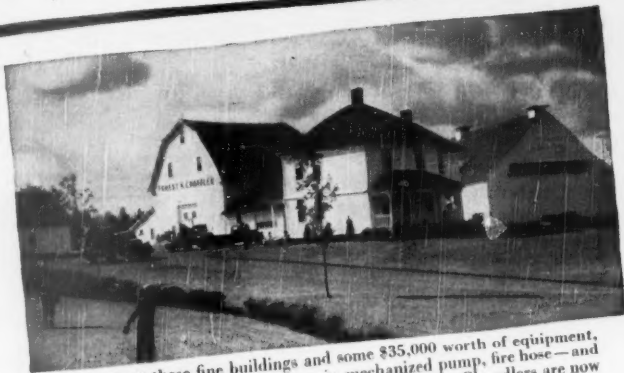
Write, giving us information and samples of your present system or ask to have our representative call.

Put your Marking problems up to MARKEM





The Chandlers are all active in community enterprises. Mrs. Chandler is an officer of the Grange and the Ladies' Group of the Farm Bureau. Darrell, 15, belongs to Future Farmers of America, Donald, 12, and Emilie, 13, to Juvenile Grange. Emilie also teaches Sunday School—as her mother did. Mr. Chandler is treasurer of State Road Feeder Farm.



To protect these fine buildings and some \$35,000 worth of equipment, Chandler has special water reservoir, mechanized pump, fire hose—and holds family fire drills. Having lost one barn by fire, Chandlers are now fully prepared for emergency.



The Chandlers' colorfully curtained living room is carpeted wall-to-wall. Radio and movie projector provide entertainment. There are also 2 bedroom radios. House has 5 bedrooms in all—and 2 baths.

The best people in The Country

turn to Country Gentleman for Better Farming, Better Living

Good Farmers...Good Customers

Forest Chandler and his wife began farming 20 years ago on "shares." They had nothing but energy and ingenuity. "Today," says the publisher of the Presque Isle, Maine, Star-Herald, about this Country Gentleman family, "the Chandlers are among the most resourceful people in our country." And three of Presque Isle's leading merchants say, "Some of our most valued customers."

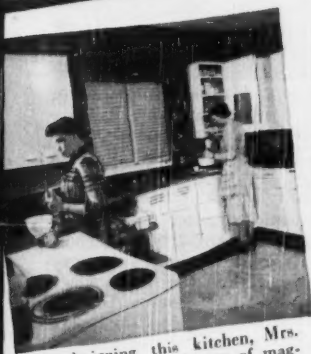
When the Chandlers started potato farming 20 years ago, it was one of the riskiest businesses in farming. And even today, despite favorable prices, you can lose your shirt in it unless you have some of the Chandlers' ingenuity and energy.

Potato farming has been called an "agricultural steeplechase." The Chandlers have had to fight bugs that cut yields by 50%—diseases that spread through potatoes like epidemics—bruising that reduces prices—droughts that ruin whole crops.

Forest Chandler tackled this tough type of farming

with remarkable resourcefulness. He eliminated bruising by spraying barrel interiors with liquid rubber. He invented an automatic bin-unloader now recommended to other growers by the University of Maine and the Farm Bureau. Today he is a leader in the nation's leading potato county.

But to the Chandlers, the proudest measure of their success is their three attractive children and modernized home. For with them, as with so many of Country Gentleman's 2,300,000 subscribers, the end product of good farming is good living.



In designing this kitchen, Mrs. Chandler studied dozens of magazine clippings. She has electric refrigerator, range, dishwasher, garbage disposal unit, home freezer, washer, ironer, inlaid rubber tile floor.



Upper floor of one barn has been transformed into big gymnasium with basketball court. The Chandler boys and their friends have one of the best basketball teams in Arcoostook County.



Chandler runs his farm as a business—employs 3 men full time. Says it costs about \$3.50 to fertilize, plant, cultivate, spray, harvest, grade and market a barrel of potatoes.

Country Gentleman

To reach rural customers, merchandise managers of department stores rate Country Gentleman FIRST over the next magazine by a 102% lead ... appliance dealers by a 66% lead ... druggists by a 61% lead ... grocers by an 85% lead.

It pays to use your custom molder's know-how

"Small" details, a big field for design improvement



No. 12 in a series on Plastics Skill at Work...



PROJECT:
Legs for new model
"Popex" popcorn popper
CUSTOMER:
Popex, Inc., Blue Ash, Ohio
MOLDER:
Plastics Moldings Corp.
Cincinnati
MATERIAL:
Durez black phenolic,
general-purpose grade



BEFORE restyling, the Popex Electric Corn Popper stood on 3-piece metal legs. With the objectives of neater appearance, less heat transmission and lower costs, Popex, Inc. and Plastics Moldings Corp. cooperated in redesigning the leg as a plastics molding.

AFTER restyling. The natural lustrous finish and smooth contours of the Durez legs make the appliance more attractive to buyers. Durez stays "cool" when the stove is hot. Cost is down: assembly of 3 old-style legs took 19 operations, Durez legs only 6.

"Minor" features are not always *minor*. This before-and-after story of the legs supporting an electrical appliance illustrates how a small detail and the right Durez plastic can go a long way in making a product easier to sell, easier to use, and less expensive to produce.

Many articles used by industry or in homes offer improved design opportunities of the kind Popex, Inc., saw in the legs of their corn popper.

As often happens, success-insurance lay in joint effort. Custom-molders contribute a lot more than production facilities toward the success of the job. These molders recommended sections and contours providing the maximum

strength with the greatest economy. Thus, by using Durez 791 general-purpose phenolic, which is used also for the handles and knobs, cost was reduced while sales appeal was added.

Durez phenolics offer your engineers and molders a very broad range of materials. These are grouped in eight classes corresponding to the field of use in which they will give the best service. Your custom molder knows how to choose the right one and how to use it.

Durez technicians in leading cities are always available for consultation. Call them . . . or write us at any time.

Durez Plastics & Chemicals, Inc., 401 Walck Rd., N. Tonawanda, N. Y.



PHENOLIC
RESINS

MOLDING COMPOUNDS

INDUSTRIAL RESINS

PROTECTIVE COATING RESINS

PHENOLIC RESINS THAT FIT THE JOB

NEW PRODUCTS BRIEFS

Payroll deductions are figured automatically by Calcu-Tax. The chart has a movable slide that you line up with the figures for the weekly salaries of employees. Deductions for income tax, old-age benefits, and New York State disability insurance show up on the edge of the slide. Calcu-Tax Co., 41 Park Row, New York 7, is the manufacturer.

Precision-ground balls, made of a heat-resistant titanium carbide, are machined for use in Brinell hardness testers. The pellets withstand oxidation, thermal shock, and abrasion. Kennametal, Inc., Latrobe, Pa., the manufacturer, says they make hardness measurements more accurate.

Shock-resistant meters for measuring volts and amperes are built to stand up under vibration. Marion Electric Instrument Co., the maker, tradenames them Ruggedized.

Checks can be protected against tampering and alteration by a pencil-like marker called Pro-Check-Tor. The marker leaves a line of perforations inked in red over the name and amount on the check. The pocket-size device is easily refilled, won't leak. Made by Federal Pro-Check-Tor Co., 627 Grove St., Evanston, Ill.

An absorbent liquid, Drout, made by Casite Corp., Hastings, Mich., keeps moisture out of automobile fuel systems. One 12-oz. can poured into a gas tank is enough to protect 20 gal. of gasoline.

An automatic defroster on Westinghouse Electric Corp.'s latest household refrigerator keeps frost from building up on the freezer. The action is fast enough to keep foods and ice cubes in the freezing compartment from softening. Defrost water is disposed of automatically.

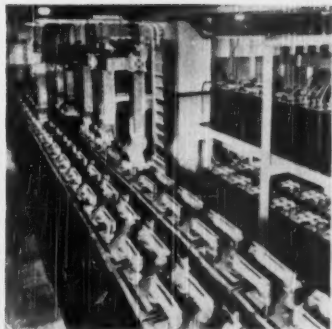
Silicone rubber is used on equipment shock mountings made by Connecticut Hard Rubber Co., New Haven, for service in temperatures from -100F to 500F. The mountings are built for engines, electric motors, and electronic equipment.

Jeep on tracks: Fairmont Railway Motors, Inc., Fairmont, Minn., has a modified model of the Willys' Jeep truck that will run on railroad tracks as well as on roads. Fairmont's version, which is called the Hy-Rail, has a hydraulic system that lowers guide wheels into place on the tracks. One man can put the vehicle onto the rails.

COMPANIES



AUTOS (including even toy ones) are by far the biggest single market for storage batteries. Among the other uses: . . .



IN TELEPHONE EXCHANGES, long rows of batteries provide standby power in case the regular current supply fails.



IN COAL MINES, storage batteries replace mules in moving coal to the surface.



IN FACTORIES and warehouses, batteries power self-propelled industrial trucks.

When It's an Exide . . .

You start 1950 with a new president. Electric Storage Battery Co., of Philadelphia, 61-year-old giant of the storage-battery industry, names S. Wyman Rolph as its chief executive.

The world's biggest storage-battery company got a new president this week. The company: Electric Storage Battery Co., of Philadelphia. The new president: S. Wyman Rolph (cover, page 6), who stepped up from the twin posts of executive vice-president of ESB and president of its biggest subsidiary, Willard Storage Battery Co.

• **Unknown**—Considering its importance to almost every phase of business and industry, it's surprising how few people know anything about ESB. Many who use its products every day have never even heard of the name, Electric Storage Battery Co.

The reason is that the company wants it that way: Its policy has always been to let its product speak for itself. As a result, though its own name is ob-

scure in many people's minds, the names of its products—Exide and Willard—are known in every corner of the world.

• **The Ground Floor**—ESB was incorporated in Gloucester, N. J., in 1888—just seven years after two basic discoveries cut the cost of battery-making and changed batteries from a laboratory curiosity to a commercial possibility. Discovery of the lead-oxide plate made the storage battery possible. And development of engine-driven generators as a source of electricity provided something for storage batteries to store; previously, electricity could only be obtained from primary batteries like the modern dry cell.

During its first years, ESB was involved in a patent fight with other small

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Write for Samples!

See Gilbert Quality Paper better-value in its clarity of tone, beauty of formation, and fine writeability. *Feel* Gilbert Quality Paper better-value in its firmness, strength and responsiveness. *Hear* Gilbert Quality Paper better-value in its crisp, bank-note crackle and sharp resonant tone.

WRITE ON YOUR BUSINESS LETTERHEAD for full 8½" x 11" samples of representative Gilbert Quality Papers. Compare every feature with the papers you now are using... then you'll prove why Gilbert can guarantee better values!

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 BRISTOL • MANUSCRIPT COVER •
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companies in the infant industry. But by 1894 it had acquired all the basic patents and patent rights, and had secured sole U.S. rights to all types of storage batteries in existence.

(This state of affairs no longer remains, of course. Today ESB has hundreds of competitors. Among them: National Battery Co.; Thomas A. Edison, Inc.; Gould Storage Battery Corp.; Electric Auto-Lite Co.; Delco-Remy Division of General Motors Corp.)

• **Development**—Uses of storage batteries in the early days were very limited. Perhaps the first big advance was the discovery that batteries could be used as standby power in electric-power central stations (this was in the days of d.c. current).

The next step forward was the development of compact, portable storage batteries. And the third and biggest advance was the development of the automobile: In 1947, \$293.4-million worth of storage batteries were produced in the U.S., according to the Census of Manufactures; \$232-million worth were the standard passenger-car type.

• **Growth**—Meanwhile, ESB was growing. In 1894 it moved from the one-story brick building in Gloucester to part of a larger building in North Philadelphia; soon it had taken over the whole building. In 1911 it added a new six-story building next door (in that year a storage battery was installed in the first stock car to be equipped with a self-starter). By 1917 that space, too, had been outgrown, and another eight-story building was added. And in 1919 a huge new plant was erected on a 40-acre site in the Crescentville section of northeastern Philadelphia. There ESB first introduced the production-line technique.

• **Mergers**—All this time, ESB was expanding in another way, too. Back in 1902 it bought up the battery-making assets of a jewelry manufacturer that had been making batteries in a small way in Cleveland. It reorganized these assets, and incorporated under the name of Willard Storage Battery Co. Today more Willards are sold than any other single brand-name in the automobile field; the parent company's Exide is in second place.

In 1938, Willard bought out Grant Storage Battery Co., with plants in Minneapolis, Omaha, Denver, and Warsaw, Ill. At about the same time, ESB acquired Jordan Electrical Mfg. Co., maker of battery-chargers.

• **Case Trouble**—For many years ESB had bought battery cases from Joseph Stokes Rubber Co., of Trenton. In 1946 ESB suddenly found itself bottlenecked by lack of battery cases when Stokes was closed down tight by labor trouble. Upshot: ESB bought the Trenton company, changed its name to

resources ...

room ...

ewards ...

The Three R's of the SOUTH

From these three R's your factory can learn the facts of industrial life:

The first R is for Resources ... the natural bounties that help a plant flourish.

The second R is for Room ... growing room that builds industrial health ... the kind of growing room found all along the 8,000-mile Southern Railway System.

The third R is for Rewards ... already proven on the balance sheets of thousands of new industries in the fast-growing South.

Resources ... Room ... Rewards. You will find them all in your future when you —

"Look Ahead — Look South!"

Ernest E. Harris
President



SOUTHERN RAILWAY SYSTEM

The Southern Serves the South



It's a special Fort Wayne function, applying the versatility of quality containerboard to industrial uses undreamed of in the past. Idea men, designers, researchers and sample makers put pressure on new problems every day in all four Fort Wayne plants. They visualize, adapt, test, create...bringing new economy, eye appeal, safety and packing efficiency to shippers who hadn't realized they *could* use corrugated containers. Today, for instance, heavy shipments of sharp pointed nails go this modern way. Too, corrugated containerboard has been developed for insulation use. Just quick examples of what's possible in this expanding field. Call on us—to design a superior container for your present product, to engineer the *right* container for a brand new product, to develop an unprecedented use for corrugated containers that exactly fit your needs.

CORRUGATED FIBRE BOXES
CORRUGATED PAPER PRODUCTS

Fort Wayne
CORRUGATED PAPER COMPANY

GENERAL OFFICES • FORT WAYNE 1, INDIANA

Plants:

Rochester, New York
Chicago, Illinois
Pittsburgh, Pennsylvania
Hartford City, Indiana

MdL:

Vincennes, Indiana

Affiliate:

Southern Paperboard
Corporation
Port Wentworth, Georgia

Sales Offices:

Chicago, Ill.
Detroit, Mich.
Albany, N. Y.
Buffalo, N. Y.
Jamestown, N. Y.
New York, N. Y.
Rochester, N. Y.
Syracuse, N. Y.
Cincinnati, Ohio
Cleveland, Ohio
Columbus, Ohio



Dayton, Ohio
Lima, Ohio
Indianapolis, Ind.
Muncie, Ind.
Washington, Ind.
Pittsburgh, Penna.
York, Penna.
Milwaukee, Wis.

Stokes Molded Products Co., and added it to the family.

Other ESB subsidiaries include Willard Storage Battery Co. of Canada, Ltd., Exide Batteries of Canada, Ltd., and Willard Storage Battery Co. of California, which makes and sells auto batteries on the West Coast. ESB also has a substantial interest in Chloride Electrical Storage Co., Ltd., a major English battery-maker.

• **Record Sales**—In 1948, ESB (with its subsidiaries) ran up record sales of \$105½-million. Despite the company's preeminence in the auto-battery field, sales of this type of battery accounted for only about 50% of the total. The rest of the output went to a wide variety of uses. Among them: power and lighting for submarines (such batteries weigh more than 200 tons each); standby current for telephone companies; controls in central power stations; starting power for diesel locomotives; motive power for industrial trucks; power for railroad signal systems; power and light for farms.

This year, ESB's business isn't going to match that 1948 record. For the first nine months, sales were off about 11% from the same period of last year. And for the first six months, earnings were off more than 60% (nine-month data on earnings aren't available yet; they will show up considerably better than the six-month figures).

There are two principal reasons for the drop: (1) wide fluctuations in the price of lead, the basic material in battery-making; and (2) a sudden, steep drop early in the year in sales of auto replacement batteries. The big reason for the expected earnings pickup in the third quarter is a marked improvement in replacement-battery sales.

• **Dividend Cut**—When the earnings downtrend became apparent, back in June, the company, in line with its usual cautious financial policy, cut its regular quarterly dividend from 75¢ to 50¢. But its continuous-dividend record remains unbroken since 1901.

• **New Boss**—Rolph, ESB's new president, has been with the company since 1916. He succeeds Rudolph Carl Norberg, who steps up to become chairman of the board.

For almost his entire career with ESB, Rolph has been closely associated with Norberg. In fact, he has pretty much followed in Norberg's footsteps: Norberg preceded him as director and as president of Willard, as vice-president and now as president of the parent company. So, little change in ESB policy is expected to come from the current shift. One possible change is a liberalization of the company's public-relations policy. ESB has always done its best to stay out of the limelight. Rolph does not believe in this policy so strongly as did his predecessor.

LABOR

Still Over Lewis' Barrel

Washington doubts that an injunction will be much help to coal operators. Reason: A court probably wouldn't act on the three-day week, would only tell Lewis to resume bargaining.

Can the coal operators attempt to enjoin John L. Lewis break the economic headlock he has on the industry? That has Washington wondering.

• **Pinned Down**—The consensus seems to be that the operators' charge of "unfair labor practices" brought before the National Labor Relations Board can't get them off the floor.

Here are the reasons:

• The charges—that Lewis is refusing to bargain, that he is insisting on forcing the operators to accept "an illegal contract,"—aren't enough. Any NLRB order or court injunction based on these charges can only tell Lewis and the union to go back to the bargaining table—and Lewis can do that without letting up on his headlock. Such an order, even if obeyed by both sides, will not result in anything but an eventual Lewis-dictated contract. Few people believe the courts can enjoin the three-day week on the basis of "unfair labor practices" in bargaining proceedings.

• **Taft-Hartley "Health-Welfare"** injunctive powers cannot be used against Lewis because the public health and welfare aren't endangered. Coal stocks above ground, coupled with the 9-million-plus tons of coal coming out of the ground each week (BW—Dec. 24 '49, p. 36) are enough to keep industrial and home-heating customers going until April. There may be a few "spot" shortages in home-heating coal, but nothing on a national scale—barring very bad weather which would slow down or stop transportation of coal. And then it would be too late to do anything.

• **Lewis Prevailing**—Few people in Washington believe that a court injunction would be issued against the three-day week. They say that:

(1) You can't make a man work—particularly when he has no contract.

(2) The charges by the operators that the three-day week is "coercive" are not stated in a way that makes the sin a separate issue. It's tied to bargaining.

Thus, Washington opinion (made up of pro-Lewis, pro-operator, and neutral government statisticians) points to a continuation of the deadlock in coal. Most debaters won't bet on the out-

come, because they can't outguess a court. But they believe that Lewis will win in the long run.

• **Apportionment**—The economic strategy that Lewis is using was planned more than a year ago. As far back as October, 1948, Lewis was thinking of "spreading the work" (BW—Dec. 25 '48, p. 21). Even then the bloom was coming off the coal market, both here and, more particularly, abroad. With the UMW's 400,000 members spread between low-cost "good-coal" mines and marginal "low-grade" pits, a depression in coal would put the marginal operators out of business. And Lewis didn't want part of his union unemployed.

The answer had to be an apportionment scheme along the lines of the prewar Guffey coal act, which divided up production of coal among the entire industry.

Here was where Lewis was in a dilemma. He couldn't think up an angle to write into a contract—and Congress was cold to another Guffey act.

• **Backfire**—The "get tough" attitude of the operators—they let it be known that they wanted more work, less pay, and no royalty on tonnage—finally worked to Lewis' benefit. When the 1948 contract expired in June, Lewis was faced with the alternative of striking or knuckling under to the operators. He couldn't do either.

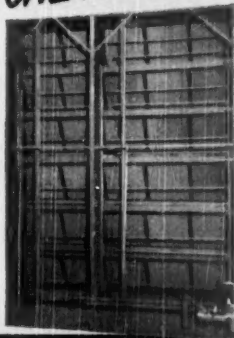
With the "spread-the-work" idea in the back of his mind, Lewis came up with a temporary solution—the three-day week. This spread the work. And it was not a strike, but still put pressure on the operators where it really hurt—in their pocketbooks.

The beautiful thing about the three-day week—to Lewis—is that the only charge against it, a monopoly in labor, can't be prosecuted because the law exempts labor unions from monopoly restraint.

• **New Twist**—Meanwhile, while the country waits for the outcome of this latest version of the "slow-down," a new twist on the old saw about "carrying coals to Newcastle" has shown up.

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OPERATORS RETURN to Cleveland buses as a 54-day transportation tieup ends.

Peace by Injunction

Cleveland transit workers go back to work under city law that bans strikes by public employees. But it's an uneasy peace, and may cost Mayor Burke labor support as candidate against Taft.

Cleveland's city-owned buses and street cars rolled again last week, after a 54-day tieup. But the 3,200 transit system workers who returned to their jobs two days after Christmas weren't happy about it. They warned footsore city residents: We're back only because the court compels us to work; in March or April, we may be out again.

• **Peace by Law**—The Cleveland strike ended almost as suddenly as it began, during the height of the Christmas shopping rush. Negotiations, back-to-work appeals, and threats to run buses with policemen as operators didn't budge strikers. So Cleveland's city fathers dug out a copy of Ohio's unused, two-year-old Ferguson act—which bans strikes by public employees.

This offered a solution to the transit tieup. The city quickly got a court order enjoining the union from continuing its strike. The union bowed to the order, under protest. It said it had to comply, or run the risk of ruinous contempt-of-court penalties.

The Cleveland injunction action drew quick national attention, for two reasons, both of them important:

Its success in ending the transportation tieup gave new impetus to widespread proposals for tight bars against walkouts by public employees—and new support for advocates of the use of in-

junction in strikes against public policy.

Its use in Ohio (home state of Sen. Robert A. Taft, top target of labor and Democrats in 1950 elections) raised a political question. Will the fact that Cleveland Mayor Thomas A. Burke supported the injunction cut into labor backing for Burke as the man to oppose Taft?

• **Background**—Cleveland's AFL transit workers quit jobs on Dec. 21 over a relatively minor issue: a dispute over how an arbitration award on vacation pay should be interpreted.

The Cleveland Transit Board went to court for a restraining order, under the Ferguson act. Judge Joseph A. Artl agreed (1) that transit workers on a city-owned system are properly classifiable as public workers; (2) that under common law a strike against the government is illegal; and (3) that the Ferguson act spells out the implied strike ban in common law, makes a walkout specifically illegal.

• **Repercussions**—Judge Artl's injunction ended the strike, but it stirred up new dissension. Other AFL unions in Cleveland had opposed the transit walkout at the start—on grounds that the transit workers had failed in their contract obligation to accept a binding arbitration award. But when the transit Board started its injunction action, all

AFL and CIO unions dropped their early opposition to the strike.

Political repercussions also came hard and fast. The Transit Board tried to minimize the political effects of the injunction action by not asking penalties against the strikers. Under the law, it could have fired them, put them on probation for two years, frozen their pay at prestrike levels for a year.

• **Burke's Status**—However, the fact that penalties weren't invoked didn't ease the political impact of the injunction action. Unions denounced the "dictatorial, antilabor" Transit Board, and criticized Burke's role in the entire strike.

The Cleveland mayor has always been a vote-getter in populous Cuyahoga County. One of the reasons: his staunch support from labor. Because of it, Democrats have been seriously thinking of Burke as nominee to oppose Sen. Taft in '50. Now, in state and national Democratic circles, they're wondering if he's still the Ohio hopeful.

Tough Labor Leaders Are Out of Date

Once it was toughness, says Daniel Tobin, president of the AFL teamsters' union—and one of the toughest of them all himself. Now, it's different: A good labor leader is one with brains; a sharp sense of strategy; and diplomacy in dealing with employers, legislative bodies, and the courts.

Writing in the current issue of the union's monthly journal, Tobin warned unionists that the day of the "old-time bully who sat in a conference and wanted to lick everybody" is gone. Loud mouths and strong-armed methods are out.

"I won't hire a man as an organizer unless he is able to conduct himself and behave himself in a conference," Tobin warned.

There still are—and will continue to be—plenty of sincere disagreements on both sides. But, said Tobin, it's easier to reach understandings through use of brains, strategy, and diplomacy than by "threatening, bulldozing, loud mouth tactics and language."

Tobin emphasized that what he had to say applied both to relations with employers and to jurisdictional disputes with other unions.



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Ching Sums Up

Federal labor mediator thinks the labor picture looks bright despite—and even because of—strikes.

- Despite strike headlines and strike statistics, management and labor are getting along better than ever before.
- Tens of thousands of agreements are reached each year through voluntary and realistic collective bargaining.

- A high incidence of strikes isn't necessarily a sign of deteriorating labor relations in an industry.

That's the opinion of a man whose business is labor trouble—Cyrus S. Ching, director of the Federal Mediation & Conciliation Service. When he sums up the past year's industrial relations developments, Ching sees no reason for viewing management-union relations with alarm.

- **Good Faith**—He said that there is more labor peace than labor trouble today. Most contracts aren't governed by "existing statutory regulations or by board or court orders." They are written by people who have "learned to respect each other's good faith and intelligence" and who are really trying to meet the needs of those they represent and, at the same time, "accommodate the . . . principles of the common good."

- **Steel Peace**—Sometimes, Ching said, even strikes do more good than harm. "The industrial atmosphere is being cleared of troublesome issues" in many cases, when strikes are settled. Ching cited the 1949 steel strike as an example of this kind of ultimate industrial peace. He said that this settlement is likely to lead to a "long period of peace in that industry—and the evolution of a more firm basis for stable industrial relations in the future."

Ching pointed out that steel makers and the CIO steel union agreed to keep contracts closed tight through 1950, to reopen only on wages in 1951, to consider revisions in insurance benefits in 1952, and to freeze pension provisions until 1955. All this may mean that the 1949 strike has started a long period of peaceful relations.

Besides, said Ching, there was another important aspect of the 1949 steel labor dispute: the mutual respect which both management and the union showed in their dealings. There was a whale of a difference between the recent strike and the violent steel disputes of the 1930's. The 1949 dispute was carried on "with economic weapons exclusively," so "the relations developed in recent years between employer and the union [came through] unimpaired."

Electrical Scrap Warms Up

Right-wing, left-wing electrical unions vie for right to represent workers at major plants. General Electric sets stage by refusing to renew automatically its contract with ousted UE.

Right-wing and left-wing unions in electrical manufacturing are getting set this week for their first big showdown. The stake is the important, pacesetter contracts with General Electric Co., Westinghouse Electric Corp., and General Motors Corp.

• **Who's Right?**—Both CIO's new International Union of Electrical Workers and the ousted, left-wing United Electrical Workers claim bargaining rights in the industry's top companies. For management the problem is: Which one has a valid claim?

Last week, GE took steps to make sure that it will be on sound legal grounds in contracting with its union. GE notified UE that its contract won't be automatically renewed when it runs out on Apr. 1, 1950.

Under the old agreement between GE and UE, the contract continues in effect automatically, from year to year, unless terminated by formal notice from either party. The present contract dates back to April, 1946, although it was revised in 1947 and again in 1948.

GE told the union: "We feel it would not be proper for us to run any risk of appearing to be unfairly favoring one side or the other by allowing our present national contract with UE to be extended past its termination date."

• **Offer Retracted**—Earlier, GE suspended a fourth-round bargaining offer that it had made to UE before the

recognition question came up. It told the union that the company no longer feels "legally free to consummate a new agreement with UE that would include new benefits or that would extend the existing contract."

The company has petitioned for a National Labor Relations Board election in all plants to settle the rival claims. But while it urged NLRB to give special clearance to the polls, in view of the contract deadline, it now says there are "indications . . . that designation of the proper bargaining agents may be delayed past Mar. 31."

• **NLRB Hearings**—Meanwhile, NLRB continued hearings last week on rival representation claims at GM and Westinghouse plants.

Final briefs are due Jan. 11 in the GM case—the most advanced, so far, in the UE-IUE squabble. Current General Motors contracts with UE run out Apr. 28, 1950. They cover 27,000 electrical workers in five plants.

At Westinghouse, where bargaining rights for 75,000 workers are at stake, the International Brotherhood of Electrical Workers (AFL) and several craft unions also stuck their heads into contract hearings. IBEW's intervention disappointed CIO's rightwingers. A few weeks ago, IUE leaders commented on IBEW's "good trade unionism" in staying out of the fight between IUE and UE.



CIO TRIAL BOARD may hand management another representation problem if it ousts United Public Workers on charges of

Communist domination. Action by board members Sayre (left), Rieve (center), and Wagner would presage left-wing purge.

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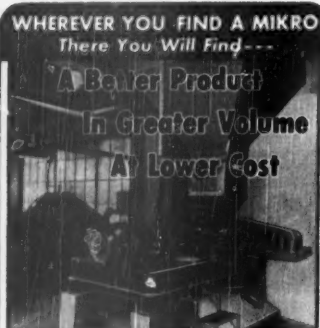
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Plywood Co-ops

Worker-owned mills are on the rise on the West Coast. Good earnings and security are main reasons.

Cooperative plywood mills, owned entirely by the workers, are spreading in the Pacific Northwest. A half-dozen are now in process of organization in the Douglas fir timber area from northern California to the British Columbia line.

• **Cinderella With Cash**—Two factors lie back of the growth: (1) the success of several cooperatives formed before the war, which are now paying their worker-owners big wages and building up the value of their stock investment; (2) the Cinderella aspect that still colors the plywood industry.

The first plywood cooperative was formed soon after World War I at Olympia, Wash. Later, as its founders died or retired, it was converted to a conventional corporation. A nucleus from this corporation founded Anacortes Veneer, Inc., Anacortes, Wash., in 1939, and Peninsula Plywood Corp., Port Angeles, Wash. Puget Sound Plywood, Inc., Tacoma, was another offshoot.

• **Worker Capital**—Initial capital for a co-op comes from the workers who buy stock. Then, in most cases, the worker-owners go outside their own ranks to hire a manager. Everyone in the plant, except the manager, receives the same wage, set by the workers.

If the mill does well, money that would normally go out as profits is paid instead as higher wages. For some time the wage at two of the older cooperatives has been around \$3 an hour, which comes to about \$600 a month for everybody in the plant who owns stock.

A few employees, waiting for a chance to buy stock, are paid union scale, plus about 5¢ an hour—an average of about \$400. The \$200 more that stock owners get explains in good part why new cooperatives are being formed.

• **Ninefold Increases**—As the cooperatives grow, buy timber holdings, and increase their working capital, the value of the stock rises. In one cooperative established before the war, stock that cost a worker \$2,000 sold a while back for about \$18,000. Part of the increase is the result of a rise in the book value; but part is the premium paid for the right to a higher wage.

Plywood cooperatives don't talk much. But some of the details of their operation come out as former owner-workers set up new cooperatives. Annual sales, calculated from known pro-

duction, indicate a gross of \$5-million to \$6-million a year at a typical plant.

• **High Productivity**—One factor that accounts for good earnings is the high productivity of men who have a share in the ownership and profits. One co-op member called the mills "self-energizing from bottom to top."

There are no strikes or lockouts at the co-ops; there is almost no turnover, and there is a high morale. Unions have no place in a cooperative. You will sometimes hear a man who has worked in one cooperative and is helping form a new one jibe at "unionitis" in conventional plywood plants.

• **Buying a Job**—Workers talk of their investment as "buying a job." When North Pacific Plywood was formed at Tacoma this summer to take over the plant of Oregon-Washington Plywood Corp., each worker bought two shares at \$1,000 a share. One share was for cash; the other was paid by payroll deductions of 10% (the wage rate was \$1.60 an hour). Three months later, when some workers left to form a new cooperative at Bellingham, their stock sold at \$3,000 a share. Most of the increase can be chalked up to the fact that workers pay high for a spot in a going concern.

• **Timber Problem**—North Pacific typifies some of the major problems of new cooperatives. Oregon-Washington sold its Tacoma mill as an economy measure. It wanted to consolidate production at its Garibaldi (Ore.) plant, nearer its holdings of timber. North Pacific is buying logs for plywood, has no timber of its own. Men in the industry wonder whether new cooperatives can get enough timber to meet the rough competition ahead.

WHAT PRICE PRECEDENT?

Should labor arbitrators play follow-the-leader? That is, should precedent influence decisions in grievance dispute cases?

There's a growing tendency in that direction, according to Prof. William H. McPherson, of the University of Illinois Institute of Labor & Industrial Relations. And it's a dangerous trend, he concludes in an article published in the Arbitration Journal.

McPherson analyzed the "doubtful benefits" of relying on precedent, then warned: There are far greater dangers than benefits. For instance, he foresees that arbitration will become "more legalistic, more costly, and less likely to yield an equitable ruling that would help to maintain good relations between the parties." Besides, he says, "an inept award might be [followed] as well as an apt one."

Instead of following precedent, says McPherson, arbitrators should decide each case on its own merits.

LABOR BRIEFS



temporary PAYROLL DEDUCTIONS JANUARY - JUNE 30, 1950

UNDER NEW YORK STATE DISABILITY BENEFITS LAW

New York State Disability Benefits Law (Chapter 407, Laws of 1949) provides that each employee of a covered employer shall make a contribution to establish a special fund, deposited with the New York State Commissioner of Taxation and Finance, for payment of weekly cash benefits to disabled employees during limited periods of temporary disability that start on and after July 1, 1950.

The employer will deduct the contribution of his employees from wages paid during the first six months of 1950 and will pay no amount to the employer - (see contribution in behalf of each of his employees).

The contribution of each employee to the fund for the disabled, when computed on a week-by-week basis at the first \$400 of his weekly wages, but his contribution will not be more than six cents a week or a maximum of \$1.50 for the entire temporary disability contribution period.

This temporary contribution will end on June 30, 1950. Further information about disability benefits to be provided under the law and the amount contribution for these benefits will be given before July 1, 1950.

Mary Dowlen

Chairman
Workmen's Compensation Board
State of New York

[The notice must be posted and maintained in a conspicuous place in and near the place of business and should also be posted on each principal entrance and to the employee.]

A new tax notice (above) is appearing on employee bulletin boards throughout New York as the state's disability benefits law went into effect (page 70). Law provides financial aid for employees who lose work time through "off the job" sickness or injury.

No shoe strike is likely now. CIO shoe workers' union, which threatened a Jan. 2 walkout, has signed new contracts with wages and working conditions unchanged from 1949.

A bargaining glossary, just issued by the Bureau of Labor Statistics, will help employers who aren't sure about the meanings of wage terms. Copies can be had free from BLS.

Off-season pay cut got official approval from the leftist Fur & Leather Workers (CIO) last week. As before the war, about 12,000 employees of New York fur manufacturers will get 11% less between Jan. 1 and June 16—the industry's slack period.

ITU closed-shop fight got a fourth straight rebuff from NLRB last week. The board ordered International Typographical Union (AFL) to quit trying to freeze out nonunion men in contract bargaining. New order came in a case involving commercial printers in six cities.

A phone strike delay (at least 15 days, to mid-January) was ordered last week by Communications Workers (CIO). It had set a Jan. 1 deadline for a walkout by 50,000 employees of Southwestern Bell in six states.

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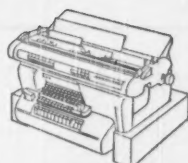
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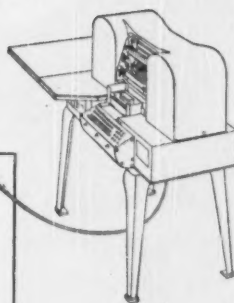
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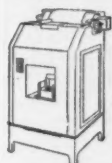


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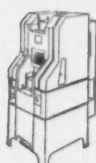


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PUNCHED-CARD METHODS

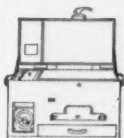


TABULATOR

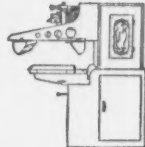


COLLATOR

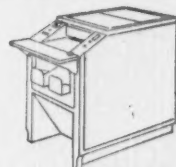
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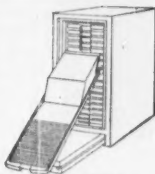


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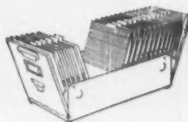


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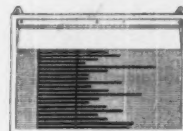
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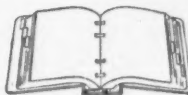


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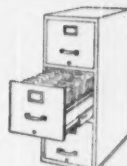
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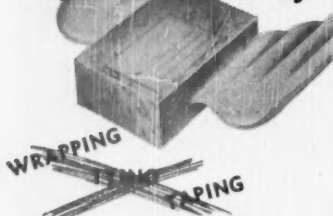


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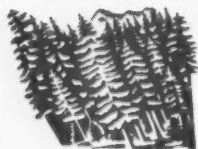


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 President

December 9, 1949

FINANCE

New Model for Disability Laws?

This week New York joins California, Rhode Island, New Jersey with a law that may prove a model for other states.

"Social insurance" is not an unfamiliar phrase to U. S. employers, or to the insurance industry. For years they have known it in the form of workmen's compensation, more recently as unemployment insurance and old-age pensions.

Now there is a new kind of social insurance: disability or "off the job" insurance as it's called in the trade. It is designed (1) partly to pay back employees for wages lost through sickness, when workmen's compensation doesn't cover them, and (2) to supply benefits to the unemployed sick. Voluntary plans to achieve the first purpose aren't new, of course. They have existed for many years in the form of group accident and health policies, and through employers' "sick pay" arrangements.

Compulsory disability insurance is now in effect in four states. It is bound to spread elsewhere. So it is a subject which should interest all employers, as well as the insurance industry.

• **New York Law**—This week disability insurance passed several milestones: (1) a disability law, which advocates of this type of protection think is the best yet enacted, began its preliminary stage in the bellwether state of New York. (2) California, which has had one for three years, increased benefits without raising its tax rate. (3) New Jersey completed its first year under disability insurance.

• **Choice**—All three states permit employers to insure with private companies, or to self-insure, if they prefer not to be insured by a state fund. That presents the casualty-insurance and life-insurance companies (both are entitled to write this kind of group coverage) with an opportunity to prove they can provide real competition for the state fund.

If they can't, future state disability plans may follow the example of Rhode Island, first to adopt disability insurance. Since 1943 it has had a "monopolistic" state fund, allows no private insurance.

• **Private Plans Spread**—By this week some evidence existed to show how well insurance companies have met the challenge of state funds. In California, where disability insurance has existed for three years, there has been a steady trend toward private plans. Latest figures show that the number of private plans



Mary H. Donlon, as chairman of the N. Y. Workmen's Compensation Board, will administer the state disability-insurance law.

is now about twice what it was a year ago. That has happened in spite of handicaps written into the state law.

These include:

(1) Private plans have to provide broader benefits than those offered by the state fund.

(2) State-fund coverage is automatic unless both the employer and half his employees decide on private coverage.

The trend to private plans in California may be slowed down by the addition of 12 days of hospitalization (at \$8 a day) to state-fund benefits on Jan. 1, without increasing the tax. That has made employers and insurance companies a bit more cautious about private plans, since they have to do better than the state fund.

The California law has one unique feature: Individual workers whose employers are covered by private plans can choose a different private carrier or ask to be covered by the state fund. There are very few establishments, even small ones, where every employee uses the private carrier chosen by the employer for the majority of his employees. But bookkeeping for all employees is handled by the employer.

The only exception occurs when the employer's private plan offers a variety of other benefits, like group life insurance, accident and health insurance, etc. Then if the employee wants any of it, he has to take it all.

In New Jersey, where the law has

been going one year, the trend is slowly but steadily toward private plans. N. J. workers covered by disability insurance divide into two groups: (1) those who are now working or who have been out of a job less than two weeks, (2) those who earned the required minimum income in a previous base period, and who are now unemployed and sick. This second group is of course covered only by the state fund.

About two-thirds of the employees in the first group are covered by private plans, a better showing than in California. Under the New Jersey law, the cards aren't so heavily stacked against private plans. Private-plan benefits need not exceed state-fund benefits. But state-fund coverage is still automatic unless the employer and a majority of his employees elect a private plan.

In New York, benefits won't start until July 1. A temporary tax of $\frac{1}{10}\%$ of wages on employers and an equal levy on employees went into effect Jan. 1. It will be used to build a fund for the disabled unemployed—since up to this time they haven't been included in any insured group.

So it is still too early to tell how the New York law will work out. But, supporters of the New York system think it is the fairest yet devised. They believe that this plan will become the pattern for other states and may even keep the federal government out of disability insurance.

Here's why they think so:

- Unlike the California and Rhode Island plans, under the New York setup the employer must contribute.
- Since the employer shares the cost and handles the bookkeeping, he is allowed to choose between private plans and the state fund. All employees are covered by whatever plan he chooses. Therefore it is within his power to cut his administrative costs if his plan is efficiently handled.
- The state fund gets no competitive advantage. In the other states, it is exempted from premium tax, but New York will tax its own fund. Moreover, in contrast to private plans, the state fund must accept all applications for insurance.
- Administration is separate from New York state unemployment-insurance agencies. Risks of unemployment are hard to determine actuarially. This has caused an "element of need" to creep into unemployment-insurance payments so that they become a dole in many cases rather than genuine insurance. But disability risks can be figured quite accurately in advance, like workmen's compensation. So the New York law gives the administration of the state fund to the chairman of the state Workmen's Compensation Board.
- Benefits to disabled workers are based on their most recent earnings (wages

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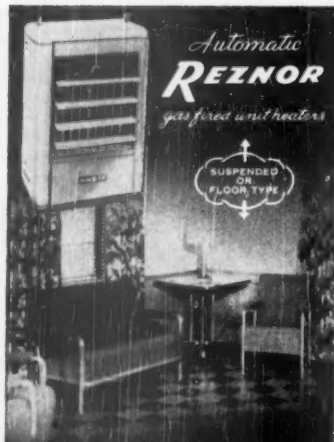
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during last eight weeks before disability). In other states, benefits are figured on the basis of earnings during a more remote "base year." That's a carryover from unemployment insurance, where the long base period is used to make sure that the claimant is actually part of the labor force.

- Duplication of social insurance benefits is not allowed, unlike Rhode Island and California. A worker entitled to workmen's compensation or unemployment insurance can't claim disability for the same period. In Rhode Island, where disability started more than six years ago, employers aren't happy with the monopolistic state fund, although it requires no contributions from them. They say their system encourages loafing because it allows workers to combine disability payments with workmen's compensation up to 85% of their average weekly wage.

- Wide latitude is given employers and employees to work out mutually acceptable voluntary plans, offering equivalent benefits. Cash payments may be cut down, for instance, and hospitalization substituted.

The Rhode Island law, with its monopoly state fund, doesn't encourage employers to add to state disability benefits, since the overhead on a small additional private coverage could be pretty high for the benefits involved. The fact is that very few Rhode Island employers do give extra benefits. But in New Jersey, two-thirds of the private plans give broader benefits than the state fund.

In states where private plans are allowed, employers have a choice of insuring with a private company or self-insuring. In California and New Jersey nearly all the big companies which underwrite their own workmen's compensation also self-insure their disability. Since disability risks can be fairly closely predicted, some insurance experts believe that a company with as few as 200 workers may safely self-insure.

Here's the theory of self-insurance: If you employ enough people to be able to estimate your disability losses in advance, you save money by not paying the overhead expenses of being in the state fund or insuring with a private carrier. You just pay the claims.

The catch: It does cost you a certain amount of overhead to check claims, make payments, etc. If you (or a self-insurance expert whom you might retain) can do the job efficiently enough, you will save money.

The insurance companies naturally feel they can do the job better. But many big companies do have self-insurance programs. Even these big companies usually carry "excess" coverage with insurance carriers, in case an epidemic or major disaster wipes out their self-insurance fund.

The Street Is Busy

New issues in January may total \$600-million—much of it in new-money deals. Refunding issues are up, too.

Wall Street's underwriting houses started 1950 with fairly clean shelves: No big blocks of undistributed corporate issues were cluttering up the works.

Such "float" apparently totaled only about \$45-million, even if you count in \$26-million leftovers from 1949's flood of rail equipment offerings. That is just about a normal position.

- **Busy Month**—It's just as well that the trade is in such good shape on this score. For it's probably going to be busier in January than it has been for months. New-issue flotations, excluding municipal offerings, may come close to \$600-million this month, as compared with around a \$425-million monthly average in 1949.

Most of the January activity will continue to come from (1) the utility industry, (2) bond offerings, and (3) "new money" financing deals. These three have provided most of the new-issues activity for some time.

- **New-Money Deals**—Biggest of the new-money offerings will be the \$200-million American Telephone & Telegraph Co. debenture issue, slated to be sold at competitive bidding late this month (BW-Dec. 31 '49, p. 42). But there will be several other sizable new-money financing jobs.

Thus, Commonwealth Edison Co. and Niagara Mohawk Power Co. will each sell \$40-million of new bonds this month to augment working capital or to pay off bank loans. United Gas Corp. will sell another \$25-million. To finance purchases of new equipment, also, the Pennsylvania, Baltimore & Ohio, Missouri-Kansas-Texas, Western Maryland, and Southern Pacific railways are expected to sell over \$40-million of new equipment-trust certificate issues.

- **Refunding Coming**—Another type of offering will again show up this month: issues designed to reduce the borrower's annual fixed charge requirements. Money rates have been easing. So some companies are discovering they can refund with "cheaper" bonds outstanding issues that until lately had been regarded as bearing a "satisfactory" interest rate. The same holds true, too, for a quasi-government bond issuer—the World Bank.

The bank this month will offer \$100-million of new serial bonds to refund 24s it sold in the summer of 1947. South Carolina Electric & Gas Co. will refund its 3½s and 3s with a \$22-million issue carrying a lower coupon rate. And the

recently reorganized Chicago, Rock Island & Pacific Ry. is scheduled to refund 4½% bonds and some \$25.8-million of outstanding notes with \$55-million of cheaper bonds.

More such deals appear in the cards, for several months at least. In recent weeks, the public bought long-term bond offerings bearing Moody ratings of AAA, AA, or BAA at yields ranging from 2.90% down to 2.58%. If the market continues to hold at such attractive rates—and many Wall Streeters think it will—look for more corporate refunding operations.

At this moment, in fact, Laclede Gas Light Co. is seriously considering coming into the market soon with \$28-million of new lower-coupon bonds designed to refund 3½s and 4½s it now has outstanding. Seaboard Air Line R.R. is also talking of similarly refunding \$31.8-million of outstanding 4s.

• **Stock Issues**—Some stock financing deals will also hit Wall Street's new-issue market this month. The utility trade will still be doing the bulk of this business, as it did most of last year. Industrial-company equity financing is still conspicuous by its absence.

The biggest stock deals are likely to be these: Columbia Gas Corp. is expected to offer publicly 305,000 shares of new common (that portion of last summer's offering of 1.3-million shares not subscribed for by stockholders). Middle States Utilities will sell 640,000 shares of new common at competitive bidding; Pacific Lighting Corp. is planning to dispose of 100,000 shares of new \$4.40 preferred by the same route.

• **Direct Buying**—While the final score is not yet available, it looks as though about 40% of all 1949's corporate security flotations found their way directly into the hands of investors—bypassing Wall Street's marketing facilities.

Some Streeters feel this trend toward the private placement of new issues may slow down during 1950. But this, may prove only wishful thinking.

Just in the last week or so, consummation of ten such deals has been announced. These involved direct-from-borrower-to-investor sales of some \$100-million of bonds and notes in individual amounts ranging from \$1-million to \$43.9-million.

What's more, Wall Street profited substantially from the transactions. Most appear to have been midwived by Broad and Wall residents.

But that's not surprising. A long time back, many smart underwriting houses decided not to sit on the sidelines crying over lost business. They got busy acting as intermediaries, on a fee basis, between concerns that wanted to sell their new issues privately and the insurance companies that welcomed such deals. These houses have found the business profitable—and "riskless."

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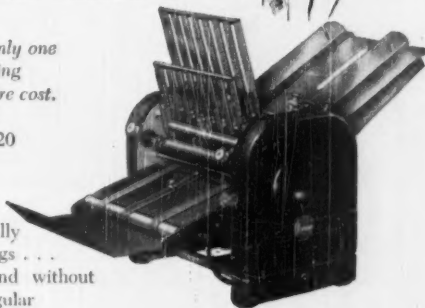
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State Taxes Up

Big revenue producers—levies on sales, income, and gasoline—are hiked as state budgets continue to grow.

People and corporations in nearly half the states in the union will be paying more taxes this year. But even with mounting budgets, few states are slapping on new taxes—they have raised existing ones instead.

New sources of tax revenues were opened up by only three states and the District of Columbia. Florida and the District got sales taxes for the first time. Delaware adopted a cigarette tax. And Kansas, making a fast reverse, repealed its prohibition law and began taxing liquor.

● **Boost**—Yet, while 1949 brought no wholesale enactment of new types of state taxes, reports the Federation of Tax Administrators, 24 of the 46 legislatures that held sessions raised rates of at least one of their already existing major taxes.

Sales, gasoline, and corporate and individual income taxes were the principal 1949 sources of state revenue, says the Dept. of Commerce. Of all state tax revenues, almost 22% came from sales levies, about 19% from motor fuel, and 17% from income taxes. So when the legislatures began looking for sources of new money, boosting these three seemed easiest.

Gasoline tax hikes proved most popular of all. Sixteen states upped the cost of motoring. Nine raised income taxes. Four boosted sales taxes.

● **Tobacco, Liquor, Too**—Tobacco and liquor taxes are two other big sources of state income. During 1949 these two levies yielded states 11% of all their money. So they, too, were candidates for boosting: Four states increased liquor taxes, 10 upped tobacco levies. Here is a roundup of state tax boosts around the country:

● **Motor fuel taxes:** Raises were approved by Delaware, Georgia, Kansas, Minnesota, Missouri, Montana, Nebraska, Nevada, New Mexico, North Carolina, North Dakota, Oklahoma, Oregon, Pennsylvania, Vermont, and Washington.

These hikes ranged from 1¢ to 2¢ a gallon. All but two have already taken effect. In Missouri and North Dakota, voters must approve the boosts before they become law.

● **Income taxes:** Increases were made by California, Delaware, Georgia, Massachusetts, New York, North Dakota, Vermont, and Wisconsin. Minnesota raised its income tax indirectly to finance the state veterans' bonus: Indi-

viduals and corporations will have to pay a special 5% surtax, plus a \$5 return-filing fee.

New York's income tax increase was the biggest of any state. Personal taxes were upped 30% above 1948 levels. Massachusetts enacted a 10% increase in its surtax on personal and corporate earnings, and North Dakota approved a 10% across-the-board boost. California threw out the 15% credit it had been giving individuals and corporations during the last few years.

● **Sales taxes:** South Dakota raised them from 2% to 3%, California from 4% to 3%, Connecticut from 1% to 2%. In Indiana, the rate was hiked by varying amounts depending on the type of business involved. The increases in South Dakota and Indiana were earmarked for veterans' bonus payments.

FINANCE BRIEFS

● **More sale-lease:** New York Life has just bought National Biscuit Co.'s new distribution plant at Dunnellen, N. J., and Continental Can Co.'s new Pittsburgh plant. Both have been leased to the companies on long-term rentals.

● **Interest on savings deposits** has been raised from 1 1/2% to 2% by three New York City savings banks. All but one of the 59 local savings banks now pay 2%.

● **Chicago's Stevens Hotel** has been mortgaged by Hilton Hotels Corp. for \$17-million under a 17-year loan from Equitable Life Assurance Society.

● **Biggest life insurance volume** in history showed up in 1949. The Institute of Life Insurance reports \$23.2-billion in new policies, a net increase of more than \$12-billion after maturities and terminations.

● **Cities Service** is retiring all its 5% bonds—\$41.6-million of them. It got the money to do it from sale of its stock holdings in Ohio Public Service and a bank loan.

● **Swift's fixed-interest debt** will be 30% smaller after Jan. 23. The meat packer plans to redeem \$15-million of 2 1/2% bonds, \$9-million of 1.85% to 2.55% serial notes.

The Pictures—Acme—22, 79 (bot.); © Bradford Bachrach—70; Bettmann Archive—85 (top lt.); Combine—85 (bot. lt.); Alfred Eris—88, 89; McGraw-Hill World News—91; Dick Wolters—78, 79 (top), 80, 85 (bot. rt.); Wide World—19, 65, 85 (top rt.).

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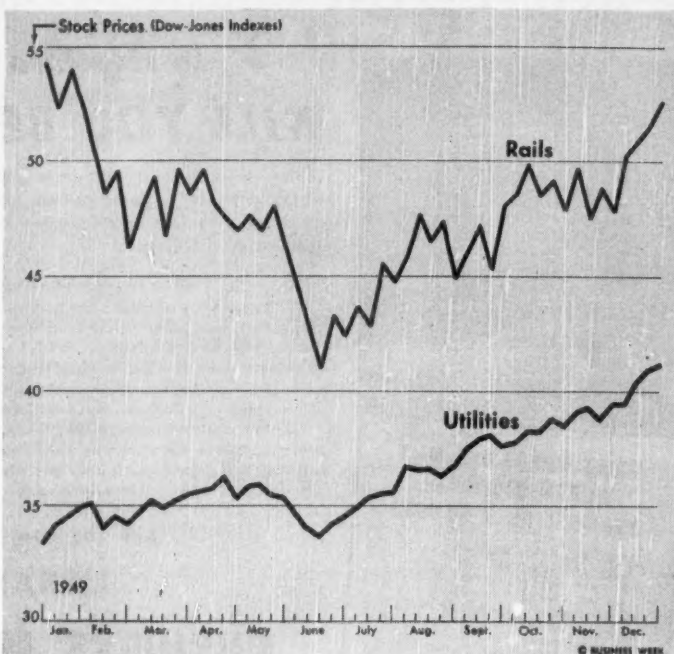
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THE MARKETS



Rails, Utilities Show Bounce

Their performance is a favorable omen for the future. Utilities were the star performers of 1949, with a gain of 22% during the year. Rails have recovered from their summer slump.

Wall Street is starting 1950 with its new bull market still charging along. In the final week of 1949, the traditional year-end rally came through right on schedule. The Dow-Jones industrials got over the 200 mark for the first time since 1946.

• **Rails, Utilities**—And the industrials tell only part of the story. The rails and utilities also are showing plenty of

bounce. The rails have just about made up for the licking they took in the disastrous first half of 1949. The utilities ended the year up a good 22%.

This is a favorable omen for the future. A real bull market has to be bull all over.

Wobbliness in the rail department was one of the market's biggest troubles during the first part of 1949. With costs rising and traffic falling off, most of the carriers made a sad income showing last year. Gross revenue for the year was down about 12%; net income was off a painful 46%. The market saw all this coming and marked prices down drastically all during the first six months of 1949.

• **Cheer**—But around June, traders began to take a more cheerful look at the carriers. Even with their shrunken earnings, most roads covered their dividends comfortably. And as general business pulled out of its slumps, income prospects for 1950 picked up.

In the long rise that began last June,

Security Price Averages

	This Week	Week Ago	Month Ago	Year Ago
Stocks				
Industrial	163.1	162.4	160.9	148.6
Railroad	42.5	41.1	40.7	42.3
Utility	82.4	82.4	80.4	66.6
Bonds				
Industrial	101.5	101.4	100.5	94.8
Railroad	85.4	83.0	81.3	85.0
Utility	100.6	100.6	99.8	93.7

Data: Standard & Poor's Corp.

the rails actually have made a better showing than the industrials. The rail average ended the year about 30% above its June low. The gain for the industrials was about 25%.

• Stars—But for the year as a whole, the star performers have been the utilities.

They have been creeping up almost constantly. As a result, they show a 22% gain for all of 1949. The industrials are up only 14% for the year. And the rails, in spite of their recovery in the last half, ended the year a shade lower than they started.

The Stock Market: 1949 Box Score

—Standard & Poor's Weekly Stock Indexes (1935-1939=100)—

Stock Group	1946 High	1949 Range		1949 Yearend	1949 Yearend Compared with	
		High	Low		1946 High	1949 Low
Leather.....	221.9	105.8	58.9	105.8	-52.3%	+79.6%
Utility holding companies.....	160.0	162.6	104.5	161.9	+1.2	+54.9
Paper.....	328.6	333.6	218.5	333.6	+1.5	+52.7
Soaps.....	149.1	172.3	118.1	172.3	+15.6	+46.0
Ethical drugs.....	165.4	165.9	113.9	165.4	.....	+45.2
Dairy products.....	250.1	219.0	160.7	219.0	-12.4	+36.3
Office, business equipment.....	165.1	189.5	140.2	189.5	+14.8	+35.2
Finance companies.....	113.1	123.4	90.7	121.4	+7.3	+33.8
Automobiles.....	166.0	141.6	106.3	141.6	-14.7	+33.2
Radio broadcasting.....	224.1	151.0	108.7	144.6	-35.5	+33.0
Building materials.....	161.8	132.7	100.0	132.7	-18.0	+32.7
Food chains.....	248.6	226.6	169.2	223.8	-10.0	+32.3
Fertilizers.....	305.4	249.2	188.3	249.2	-18.4	+32.3
Chemicals.....	151.8	159.3	121.9	159.3	+4.9	+30.7
Gold mining (U.S.).....	106.8	82.6	59.1	77.0	-27.9	+30.3
Distillers.....	633.8	327.5	249.4	325.0	-48.7	+30.3
Television, electronics.....	*	163.9	115.0	147.5	.....	+28.3
Electrical equipment.....	133.3	109.5	86.0	109.6	-17.8	+27.4
Steel.....	159.5	135.4	104.6	132.8	-16.7	+27.0
Meat packing.....	203.0	134.1	105.7	134.1	-34.0	+26.9
Capital goods stocks.....	147.0	129.7	103.4	129.5	-11.9	+25.2
Textiles.....	312.0	243.3	191.0	238.9	-23.4	+25.1
Auto parts, accessories.....	170.2	120.6	96.5	120.5	-29.2	+24.9
Baking, milling.....	177.0	184.3	148.1	184.3	+4.1	+24.4
Low-priced common stocks.....	315.7	131.7	102.4	127.3	-59.7	+24.3
Soft drinks.....	188.4	138.2	108.9	134.6	-28.6	+23.6
Department stores.....	345.8	213.2	173.5	213.2	-38.4	+22.7
Consumer goods stocks.....	175.8	141.5	115.3	141.5	-19.5	+22.7
Glass containers.....	162.9	110.0	86.9	106.2	-34.8	+22.2
All industrial stocks.....	163.2	141.2	115.6	141.2	-13.5	+22.1
Machinery.....	154.6	120.0	97.3	118.0	-23.7	+21.3
Tires, rubber goods.....	307.4	190.0	157.0	190.0	-38.2	+21.0
Metal containers.....	94.0	83.2	68.8	83.2	-11.5	+20.9
Printing, publishing.....	285.5	120.3	96.8	117.0	-59.0	+20.9
Composite index.....	188.6	133.8	110.7	133.8	-18.8	+20.6
High-grade common stocks.....	135.5	131.1	108.7	131.1	-3.3	+20.6
Confectionery.....	130.5	131.8	109.3	131.8	+1.0	+20.6
Mail order, general chains.....	241.1	195.6	162.1	195.2	-19.0	+20.4
Copper.....	147.1	130.3	96.2	115.2	-21.7	+19.8
Agricultural machinery.....	160.5	133.8	106.0	126.4	-21.3	+19.2
Railroads.....	168.8	107.5	87.0	103.3	-38.8	+18.7
Aircraft manufacturing.....	183.1	119.0	96.3	113.8	-37.9	+18.2
Tobacco products.....	105.1	91.9	77.8	91.6	-12.9	+17.7
Utility operating companies.....	132.6	110.1	94.1	110.1	-17.0	+17.0
Motion pictures.....	350.3	171.5	142.7	166.9	-52.4	+17.0
Air transport.....	593.1	240.2	193.3	225.5	-62.0	+16.7
Household supplies.....	169.9	111.3	89.2	103.4	-39.2	+15.9
Oil.....	169.8	179.1	148.4	171.9	+1.2	+15.8
54, 104, 81 chains.....	156.9	136.6	118.3	136.6	-12.9	+15.5
Shipping.....	459.7	396.2	334.2	386.0	-16.0	+15.5
Natural Gas.....	*	193.5	166.2	191.8	.....	+15.4
Shoes.....	144.7	123.8	106.9	123.2	-14.9	+15.2
Metal fabricating.....	178.2	106.0	90.3	103.5	-41.9	+14.6
Shipbuilding.....	244.7	194.2	157.2	179.5	-26.7	+14.2
Mining, smelting.....	113.0	84.7	70.3	77.7	-31.2	+10.5
Proprietary drugs, cosmetics.....	230.3	136.3	123.5	135.8	-41.0	+10.0
Cash.....	230.7	252.7	190.9	207.9	-9.9	+8.9
Lead, zinc.....	139.7	108.5	85.1	91.0	-34.9	+6.9
Telephone, telegraph.....	129.1	94.3	87.3	92.8	-28.1	+6.3
Railroad equipment.....	153.5	90.6	74.8	78.1	-49.1	+4.4

* New index.



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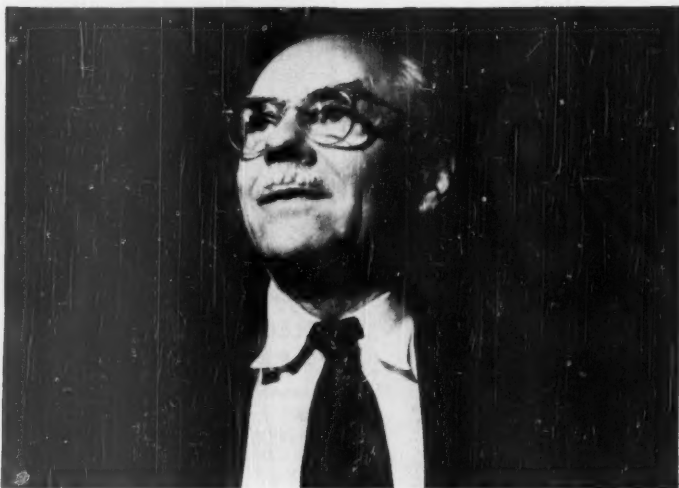
Organization or Company.....

Street.....

City or State.....

Town.....

RESEARCH



NEW PRESIDENT of the American Economic Assn. is Frank H. Knight of the University of Chicago. Knight is the acknowledged leader of the laissez-faire, anti-Keynesian school of economic thought. His election does not mean economic thinking is tending to the right; it honors a mem-

ber of the profession whose views are unpopular with many of his colleagues. A recent Knightism: "After an epoch of venturing and achieving, we see a mania for security and insistence on the right to consume regardless of production, in a world which just isn't built that way."



CANADIAN ECONOMIST, B. S. Keirstead of McGill University, maintained that the issue of capitalism vs. socialism was a "false issue." All modern states, no matter what they call themselves, are creating new agencies and powers for themselves, he pointed out. The problem: Keep them minimized.

What's the Drift? Economists Disagree at

Nearly 4,000 professional thinkers converged on New York last week for meetings of the learned societies in the social sciences. Of these, the most important was the conference of economists. From universities, government agencies, business organizations, and labor unions they came together to argue, theorize, job-hunt, and gossip.



YALE'S NEIL CHAMBERLAIN thought maybe monopoly, rather than pure competition, might be the best way to "maximize human welfare." He found in monopoly the virtues of efficiency and production of a diversity of new and improved products. His views represented the ideas of a minority.



VIRGINIA'S DAVID McC. WRIGHT saw communism in Asia preparing its own downfall. "It is creating demand for consumer durable goods which it won't be able to satisfy." He envisions ultimately a democratic capitalism in the Far East—the only system which can deliver higher living standards.



INDUSTRY ECONOMIST, George W. Terborgh: "If modern industrial capitalism is to realize its full potentialities, it must first of all be vigorously and pervasively competitive, with all that that implies both for opportunity and for incentives." Terborgh is with Machinery & Allied Products Institute.

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HARVARD'S MERLE FAINSOD: "Business enterprise commands large-scale economic resources, but it encounters formidable obstacles in translating it into political power. The economic resources of labor and agriculture are impressive, but they can mobilize political leverage for very concrete economic gains."

Convention



SPECIALIST ON THE LONG VIEW, Sumner H. Slichter, Lamont Professor at Harvard, forecast that we are heading toward a new kind of capitalism. Under it he expects business to continue to expand, although the atmosphere of hostility to business will continue as fewer people are self-employed. (TURN TO PAGE 80)



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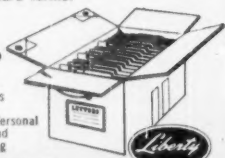
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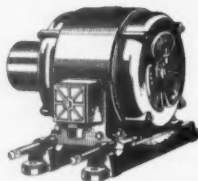
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WHAT'S THE DRIFT? (continued from page 79)



BUFFALO'S JOSEPH SHISTER found industrial morale improved by unions. He avers it is a benefit from labor organization that few employers have yet exploited. Shister spoke at a joint meeting with the Industrial Relations Research Assn., a group of these interested in labor problems.



NORTHWESTERN'S YALE BROZEN acknowledged a danger in savings not being automatically channeled into investment. But he wants some alternative to government fiscal intervention.



DEAN OF AMERICAN ECONOMISTS, Joseph A. Schumpeter, said behind Europe's shift to socialism were (1) labor's development of political power, and (2) inflation and monetary instability.



CALIFORNIA'S CLARK KERR called unions "not primarily economic monopolies, but political organizations." He emphasized that wages are only one influence operating in the labor market. Worker ideas of unemployment hazards may be of greater importance in causing job shifts.



DUKE'S JOSEPH J. SPENGLER: "The intervention of the state" is the only alternative to good will and effective public opinion in handling the problem of tension between economic power blocs.



ASSOCIATION SECRETARY, Howard A. Meyerhoff, of the American Assn. for the Advancement of Science, told the economists to join in synthesizing their work with other specialists to improve society.

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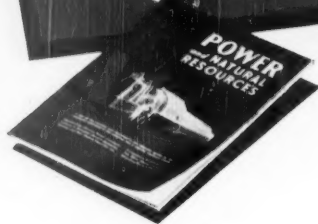
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INTERNATIONAL OUTLOOK

BUSINESS WEEK

JANUARY 7, 1950



Partisan politics will now fix U. S. policy in the Far East.

Republican clamor against the State Dept.'s "wait and see" attitude has spurred the White House to action. So Truman has run rough shod over his State Dept. advisers. He has asked the Joint Chiefs of Staff to "explore" ways of helping Chiang Kai-shek defend Formosa against the Communists.

Truman knew he had to appease his Republican critics a bit. Otherwise other Administration foreign policy projects, like the Marshall Plan, might be in danger.

There is no formal aid to Formosa yet. Congress will thresh the whole matter out first.

But the decision is still a big victory for Gen. MacArthur—and a severe setback to Secretary of State Acheson.

MacArthur has long felt that a Communist Formosa would make U. S. positions in Japan, the Philippines, and Okinawa "untenable." Congressional visitors to Japan picked up the word and used it against the State Dept.

Meanwhile, State was arguing that more aid for Chiang would cut U. S. influence in still-free Asia to zero. Acheson, with backing in the Defense Dept., has long been prepared to write off Formosa, if necessary.

The MacArthur school sees Japan as the focal point of U. S. Far Eastern policy.

That means building up Japan again as a major political and economic power. MacArthur is already working at it.

He has hinted that the Japanese will be allowed an army to defend themselves. They have been freed to expand their merchant fleet. Japan's foreign trade is back in private hands. MacArthur is believed to favor letting Japanese businessmen loose in the important North China market.

But the Acheson school sees India and Indonesia as the keystone of our Far Eastern situation.

Many State officials want to leave the main financial responsibility, at least, with the British, the French, and the Dutch. These officials recognize that the European powers have more know-how in the Far East than does the U. S.

Continued support of Chiang Kai-shek at this time knocks the Acheson school into a cocked hat.

First, it will mean a split with our Atlantic Pact allies.

The State Dept. will have to devote all its energies to smoothing ruffled British feathers. The U. S. has known for a long time that Britain is committed to recognize Communist China. And the British got no wind of President Truman's abrupt decision before last week.

India is sure to take continued U. S. aid to Chiang as a direct affront.

When Prime Minister Nehru was here last fall, he made it plain that he would meet U. S. terms for economic aid only so long as we respected his policy in Asia.

So any hope for a meaningful Point-Four program for India will have to be shelved, temporarily at least.

Politics, not economics, will be the chief concern of the Commonwealth Conference at Colombo (Ceylon) next week.

Coordinated policies on Indo-China will head the agenda. Britain will

INTERNATIONAL OUTLOOK (Continued)

BUSINESS WEEK
JANUARY 7, 1950

barter recognition of the conservative Bao Dai regime in return for French support in recognizing Communist China.

And Bevin will try to persuade India to drop active support of the Nationalists in Indo-China.

The spotlight then will swing to Burma, long a sore spot in Southeast Asia.

Since the war, failure to restore internal peace in Burma has dipped heavily into the sterling area's dollar reserves. Because India couldn't buy Burmese rice, it had to buy dollar foods. And Britain has poured money, supplies, and arms into Burma to make peace.

Britain is sending only medium-rank economic experts to Colombo.

Financial discussions will likely center on the dollar-import cuts program fixed last July. This plan has been progressing only very slowly.

Look for more barter deals between Yugoslavia and other western countries before the World Bank O.K.'s a \$25-million loan.

Only part of the pending World Bank loan to Tito is to be in dollars. Some of the funds are in Belgian francs. But Belgium won't release these funds until Tito pays up for expropriated Belgian holdings in Yugoslavia.

So Tito is now negotiating a trade pact with Belgium to settle this debt. And he has other barter deals in the offing with Argentina and Finland.

Meanwhile, Tito will probably get dollar-help elsewhere.

He can still draw up to \$12-million more this year from the International Monetary Fund.

And there's rumor of another Export-Import Bank loan to tide him over until the World Bank loan is finally unsnarled.

Britain's government-owned Colonial Development Corp. doesn't want to let the World Bank see its books.

That's why CDC broke off talks last week for a \$5-million loan.

CDC wanted the money to buy U. S. heavy tractors to clear jungle and lay roads in Britain's colonial empire. CDC figured the tractors would be used in over 30 different projects; to document each one for the bank's audit wouldn't be worth the paper work.

Another objection: CDC didn't like the bank's standard requirement that it be allowed to resell collateral bonds from its borrowers.

CDC hopes to get credit elsewhere—buy "second best" equipment from non-dollar sources, probably Italy.

But World Bank officials believe CDC will find the same credit conditions no matter where it goes.

France is easing the way for private foreign investment capital.

The government is drafting a decree to simplify its rules on foreign investment. The decree may also:

(1) Free foreign investors to buy majority control of French companies when that's deemed to be in the national interest;

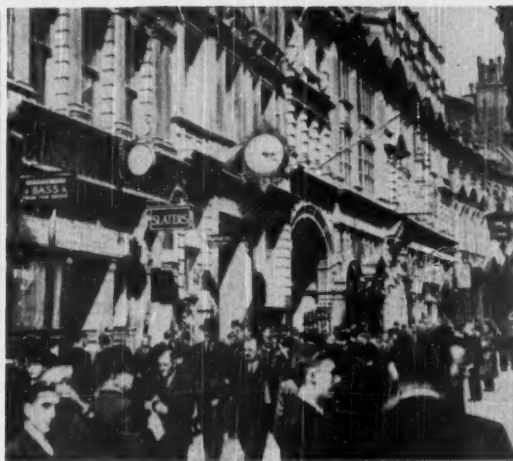
(2) Streamline banking facilities for the foreign investor.

BUSINESS ABROAD



ADAM SMITH L.L.D.

IN 1900 Adam Smith's doctrine of free competition still governed world trade, and the strings of . . .



Power rested with the bankers of London's Throgmorton St.—center of a stable world economy.



IN 1950 John Maynard Keynes has explained that governments must maintain employment, and . . .



Detroit industrialists, New York oil men make the decisions, provide the capital to reestablish world trade. After fifty years . . .

Governments, Corporations Shape Trade

Big question: Can they find a substitute for the U. S.—Asia—Europe trade triangle that balanced the books before 1914?

A mid-century reckoning of what's ahead for U. S. foreign traders and investors takes a combination Geiger counter and crystal ball. Failing that, you have to fall back on the standard tool—a look at the past and the present.

• **Stimulus**—Some businessmen will find a stimulus to that sort of backward

look in a study, *The Commerce of Nations*, by Prof. J. B. Condliffe of the University of California.

Condliffe's book, published this week by Norton, takes off from the commerce of the ancient world. But even a backward glance of fifty years gives some perspective on the topsy-turvy

condition of the world economy today.

• **Then**—In 1900, world commerce was dominated by western Europe—notably by Britain, the country that had engineered the industrial revolution and out of it had built a world-wide trading system.

That system was based on exchange of the industrial production of western Europe for the food and raw materials of the outside world. The strings were pulled by bankers and brokers operat-



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BUSINESS OPPORTUNITIES
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CLUES

ing in the markets of London and a few other European capitals. And traders as well as bankers operated pretty much according to the laissez-faire doctrines that Adam Smith's *Wealth of Nations* had laid down for a world of traders in 1776.

• **Now**—Today western Europe has all but collapsed. So has the system of world trade that seemed so solid before 1914. The world economy's center of gravity has shifted to the U.S. But a pattern of world trade has still to be reweaved.

Equally basic: Control of world commerce has passed out of the hands of merchant bankers and commodity brokers. In their places stand the executives of the great industrial corporations of the U.S. and the top officials of government agencies. The corporation executives and the government officials alike do their business in a world more influenced by the doctrines of John Maynard Keynes than those of Adam Smith.

I. The Squeeze on Europe

What's happened to western Europe is clear enough. It has been living beyond its means since World War I. For a generation Europe has maintained its living standards and balanced its international payments by sacrificing past capital investment—and by loans and gifts from the U.S.

• **Overriding Objective**—Even if the Marshall Plan, unlike the loans of the 20's, is able to contribute to Europe's productivity, Europe will never return to the pre-1914 trade mechanisms. Events have enforced a Keynesian doctrine of government intervention in economic affairs; the employment and welfare of the working population has become an overriding policy objective.

• **Controls**—In western Europe and its dependencies, American traders can expect to face controls indefinitely—controls on imports from the U.S., controls on U.S. investment. There will be no time soon when a U.S. manufacturer planning a foreign branch plant won't have to negotiate with some government on its location and on the markets where its output can be sold.

II. The Asian Triangle

The climate has changed just as much in the rest of the non-Communist world—Latin America, Africa, Asia.

• **Triangular Trade**—Postwar changes in Asia are especially important. The collapse of Empire in Asia is one of the big reasons for the precarious position of western Europe. It's not just the rich dividends Britain, France, and the Netherlands once drew from investments in Asia. They used to gather in the dollar exchange which had been

earned by Asian exports to this country.

Europe needs to find bigger outlets for its exports in the new Asia. And even that won't help unless the flow of raw materials between Asia and the U.S. increases. It would take both to revive the old triangular pattern of payments—from the U.S. to Asia, from Asia to Europe, and from Europe back to the U.S.

• **Problem**—This is the problem in Asia: to induce newly independent and nationalistic governments to use the technical skills and organizing experience of the West. At this point in history, that means using the productive capacities of U.S. corporate enterprise.

III. Corporations Hold the Key

The rebuilding job must fall first and foremost on the U.S. corporations; they have the knowhow the world needs, and since World War II they have become the chief source of capital for new foreign investments.

This marks one of the great shifts of the last fifty years. Before 1914, bankers and brokers who controlled the world's money markets made the major decisions that effected world trade. Few large-scale industrial enterprises had worldwide connections at that time. Manufactured goods from industrial countries were exchanged for food and raw materials from the agricultural countries through a network of international commodity markets.


• **Investment**—The new role of U.S. corporations shows up in the ever larger volume of exports handled by company export departments. But the record of postwar U.S. foreign investments is the clearest proof of what has been happening.

In 1947, 90% of the net outflow of U.S. private capital—\$717-million—was accounted for by direct investments. These investments were made almost entirely by U.S. corporations. Ten companies accounted for 75% of the total.

By contrast, in the decade from 1919 to 1926, 60% of American foreign investments consisted of publicly offered foreign dollar bonds.

• **Oil, Machinery, Steel**—Direct investments abroad increased by \$3-billion during 1946-48. A few big U.S. oil companies accounted for almost half of this. Manufacturing investment increased about \$1-billion. And the bulk of this came from a few big automotive and agricultural equipment companies. Now U.S. steel companies are coming into the picture in their search for new sources of iron ore.

To increase this sort of investment, and to involve more companies in it, is the real point of Truman's Point Four, the Administration's only alternative to subsidizing the rest of the world indefinitely.

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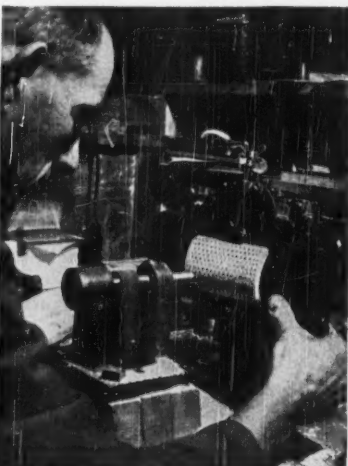
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1804 Thomas Bowers, a descendant of the founder of Puddefoot, Bowers & Simonett, tooled ivory at his work bench.



DRILLING The process is one of the few mechanical operations in the shop. Here a worker bores holes for bristles into the back of an ivory brush.



1950 An eighth-generation Bowers works with the same type tools and bench that his ancestor used 146 years before his



BRISTLES Hand sewn into the brush the tufts are held with line thread. A 20th-century concession: The bristles are nylon.

The British Way—in Ivory

A glance at these pictures will give you an idea of both the strength and the weakness of Britain's trade position today. Puddefoot, Bowers & Simonett, Ltd., is typical of many small businesses in Britain.

Founded by the Bowers family 265 years ago, the company has been in the family ever since. Ivory is its business, raw or worked ivory. For a time, years ago, the company even traded in "black

ivory"—slaves for American plantations.

Puddefoot lives by a school of economics that would be strange to an American producer. It thrives on costly low-volume production that turns out a stylized, quality product. The advent of plastics has whittled Puddefoot's market down to a small, though dependable, core of customers. So long as it can keep these customers happy, Puddefoot feels that it is making its mark.

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JEWERS & SIMONETT L.
IVORY & EBONY WORKERS**



IVORY TUSKS PB&S uses 100 tons a year for combs, brushes, buttons. Tusks can weigh 175 lb. each.



FINISHED PRODUCTS Hand polishing and checking are final steps. PB&S markets raw ivory in the U. S. for piano keys, billiard balls.

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A close supervisory check is maintained from headquarters in Boston, through 6 regional offices, over the widespread Crotty-operated installations now managed for well known American companies in 41 cities and 18 states.

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Trade Fairs Boom In U. S. and Europe

This year will see a rash of trade fairs in Europe and North America. In the U.S., the nation's first international trade fair will open in Chicago in August. In Europe, 12 countries so far say they have plans for fairs. All but three—the British, German, and Swiss Industries Fairs—are open to foreign exhibitors. Here's a list of the leading attractions:

Austria: International Trade Fair, Vienna, Mar. 13-20. Apply: Austrian Foreign Trade Office, 70 Wall St., New York 5.

Belgium: International Industries Fair, Brussels, Apr. 29-May 14. Apply: E. Ludig, director, Foire Internationale de Bruxelles, Palais du Centenaire, Brussels 2.

Canada: Canadian International Trade Fair, Toronto, May 29-June 9. Apply: R. H. Dayton, administrator, Canadian International Trade Fair, Exhibition Grounds, Toronto.

Czechoslovakia: International Trade Fair, Prague, Mar. 13-20. Apply: Pan-Atlantic, Inc., 59 Pearl St., New York 4.

Denmark: International Trade Fair, Copenhagen, Mar. 7-26. Apply: Presentation, Inc., Courtyard 2118 Massachusetts Ave. N.W., Washington, D. C.

France: International Trade Fair, Lyon, Apr. 15-24. Apply: Raymond Treuil, French commercial counselor, 610 Fifth Ave., New York 9.

International Trade Fair, Paris, May 13-29. Apply: Eugene Martel, president, Foire Internationale de Paris, 23 Rue Notre-Dame-des-Victoires, Paris 11.

Germany: German Industry Fair, Hannover, Mar. 29-Apr. 2, May 3-14. Apply: Deutsche Messe-und-Austellungen, A. G. Hannover, Niedersachsen, Western Zone of Germany.

Great Britain: British Industries Fair, London and Birmingham, May 8-10. Apply: Director B.I.F., Board of Trade, Horseferry House, Thorney St., London S.W.1.

India: International Industrial Exhibition, New Delhi, Feb.-Mar. Apply: Jeevanhal Gauba, general manager, All-India Manufacturers' Organization, 29 Prem House, Connaught House, New Delhi.

Italy: International Trade Fair, Milan, Apr. 12-30. Apply: John B. Erskine, Suite 2251, 135 South LaSalle St., Chicago 3.

Netherlands: International Industries Fair, Utrecht, Mar. 21-30, Sept. 26-Oct. 5. Apply: L. Smilde, director of Trade Promotion, 41 East 42nd St., Rm. 21, New York 17.

Poland: International Trade Fair, Poznan, Apr. 29-May 14. Apply: Polish-American Supply Corp., 39 Broadway, New York 4.

Spain: International Trade Fair, Barcelona, June 10-25. Apply: Frederico Barcelo, director general, Feria Oficial Internacional de Muestras, Barcelona.

Switzerland: Swiss Industries Fair, Basel, Apr. 15-25. Apply: Dr. Th. Brogle, director, Foire Suisse d'Echantillons, Basel.

United States: First U. S. International Trade Fair, Chicago, Aug. 7-9. Apply: First U. S. International Trade Fair, Merchandise Mart, Chicago 54.

BUSINESS ABROAD BRIEFS

Israel National Airlines has started commercial service with regular weekly flights to London, Paris, and Zurich.

Atomic research center for Brazil will be built at Nova Friburgo, near Rio. The city of Rio is helping the government foot the bill with a gift of \$250,000.

Japanese imports went back on a private basis Jan. 1, a month after exports returned to private hands. SCAP authorized transfer of \$67-million of foreign exchange to the Japanese government.

Japanese merchant fleet is being expanded. Gen. MacArthur has authorized a \$24-million program of shipbuilding and conversion that will add 547,000 tons to the fleet.

West German stock issues nearly doubled in value in 1949. The private bank, Bankverein Westdeutschland, reports that 450 stocks, which were worth 27% of face value a year ago, are now worth 50% of par.



Britain to Brazil

Out of the shops of Vulcan Foundry, Ltd., in Lancashire, England, comes the first of an order of 15 electric locomotives for Brazil. The 3,000-hp. engines, ordered from English Electric Co., Ltd., will pull passengers and freight on the Estrada de Ferro Santos a fundia line of the Brazilian State Railways. The locomotives are reported to be the largest and most powerful of their type yet built in Britain. Brazil also has three three-car suburban trains on order from English Electric.

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Will Integration in Industry be Blocked?

Look over the broad sweep of American industry. In many of its sectors, you see signs aplenty of integrated operations. There are many examples in U.S. business history simply because integration has been going on for so long. And clearly the trend toward industrial integration is still strong.

Not all integrations have worked out, of course. But in the main they have enabled companies to compete more successfully.

The appearance of integrated companies in any industry, however, does not signal the demise of the specialized nonintegrated companies left in the field. In steel, for example, you have a number of companies with fully integrated mills, processing iron ore at the start and turning out finished steel products at the end of the line. Competing successfully with them are units partly integrated or limited to one phase of steel making.

Groceries are another example. The chains have come in to compete with independent grocers and have stretched back through wholesaling and manufacturing. The independents have not folded up because of chain competition even though it hurt for a while. They have improved their own operations to the point where they can profitably stay in the race. As a result, the chains (integrated) and the independents (nonintegrated) are doing as much as they can to get more and more efficient in order to keep in the running.

Who Has Benefited?

What has been the result? Who has benefited? First of all, those who integrated expected to gain from the move and they were rewarded. Some got a better balance of operation. Some benefited from an inventory standpoint. Some got better control of quality in their products. Others found savings in their selling and distribution. In fact, if there is one outstanding benefit, it probably is the lowering of distribution cost.

What about the nonintegrated competitors? Well, some of them have taken a beating. But many of them picked up pointers quickly from studying the integrated operations and revamped their own operations to get the same benefits. And others went even further. They applied the spur to themselves hard enough to develop new ideas of their own that in turn gave the integrated competitors something to worry about. By and large, the nonintegrated units came off rather well in this competitive phase.

Finally, what is the broad effect of the introduction and growth of industrial integration? Who else, if any, has gotten any good out of it? Just about everyone has. For, when competition is increased the ultimate consumer stands to gain. In the race for his dollar, the competing sellers will make their prices as low as they possibly can. Each economy, each improved operation, each reduced cost has a potential lower price for the buyer.

But that conclusion, however sound it may be, has

not been accepted universally. On the contrary, the whole idea of industrial integration has been coming under attack.

Suits have been filed against A & P and du Pont under the antitrust laws with the principal intent of destroying integration. It's time to pull companies apart instead of knitting them together, the government seems to be saying, as it files divorce suits. Bills have been introduced in Congress to compel divorce in some industries.

In the A & P case, the government lawyers want the big grocery chain broken up into seven regional chains. They also want the retailing part of A & P entirely separated from the wholesaling and manufacturing parts. They contend this chain has used the benefits of integration to its own advantage and to the disadvantage of everyone else.

In the du Pont case, the government lawyers have decided there ought to be divorce of that company from General Motors and U. S. Rubber. They also have ideas of whittling down du Pont's size in other ways.

A Job for All

If the government wins these suits, will industrial integration be blocked? Not necessarily. At least there seems to be a ray of hope.

In the theory of democratic government, the people have the final word. If the people were convinced that the present attitude of those in government is wrong, then quite possibly something might be done about it.

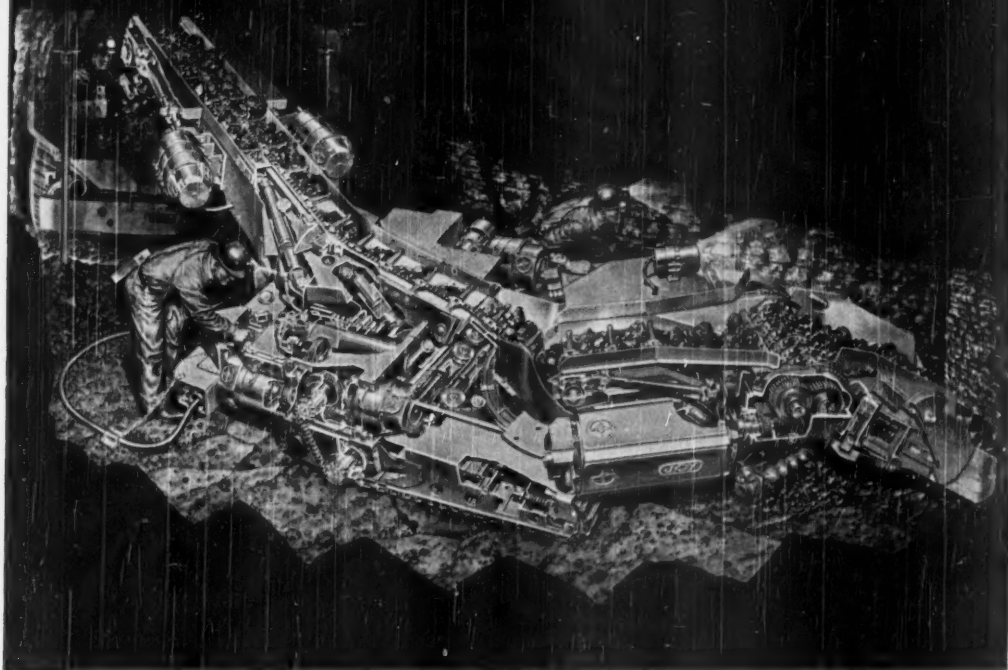
There has been some evidence recently that the public may be getting its eyes opened. The public reaction to the aggressive publicity campaign of A & P is the greatest demonstration of that.

Nevertheless the burden cannot be carried by one company or by units of one industry. The entire field of business needs to be more outspoken about fair competition and to dispel the fog about good and bad competition. The job cannot be done in its entirety, however, by the printed and spoken word.

Back of those expressions must be some serious thinking by businessmen. They must examine quite critically all phases of their competition. They must make sure that they are not abusing the benefits of integration, if they are integrated. They should take care to see that the public interest, as well as their own self-interest, is served. They must be sure that their arguments in behalf of integration can be sustained. If they satisfy themselves that that is the case, they then can proceed to woo and win the public to their way of thinking. With the public on their side, it should only be a question of time before the public servants in Washington will have to come around, too. In that way, and apparently only in that way, will industrial integration be permitted to continue and grow. Otherwise, the trend toward integration will be reversed.

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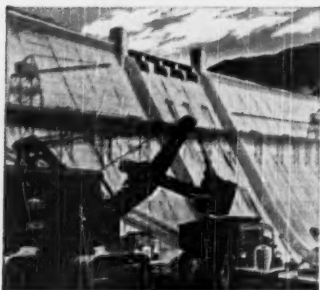
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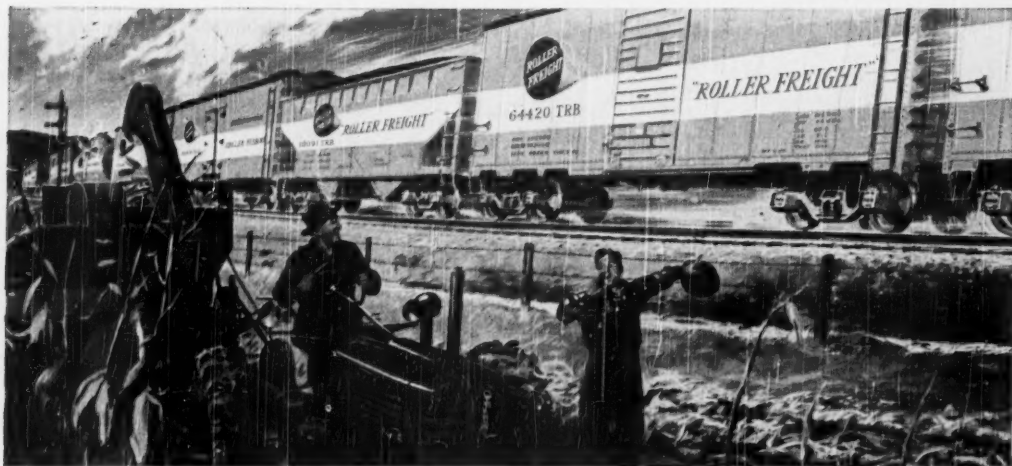


2 AMERICANS WORK TOGETHER. You've read how farmers get together to harvest one man's crop. Lending a hand, too, are the Timken tapered roller bearings in the farm equipment. They do away with wasteful friction and wear in wheels and shafts.



3 AMERICANS MOVE FAST. In 51 short years, the auto industry's miraculous production methods have put the world on wheels. Most of the machines that build the cars—like the cars themselves—are equipped with friction-eliminating Timken bearings.

the newest example is "Roller Freight"!



4 NOW ANOTHER MIRACLE of American industry is under way! It's "Roller Freight"—freight cars on some roads to as many as 800 and 1,000 on others.

"Roller Freight" will travel as fast as Timken bearing equipped passenger trains. The things you eat, wear and use will reach you faster, fresher.

"Roller Freight" will reduce damage to goods because Timken bearings cut starting resistance a huge 88%, eliminate jolting starts and stops.

"Roller Freight" will eliminate "hot boxes" and the delays they cause, cut railroad's fuel and maintenance costs, enable locomotives to haul more cars, and make more cars available for hauling!

The railroads have already started the switch to "Roller Freight"—from a handful of cars on some roads to as many as 800 and 1,000 on others.

By eliminating wasteful friction on the railroads and throughout all industry, Timken bearings help produce the profits that build America. If you build freight cars or reapers, construction equipment or automobiles—or any other product where wheels and shafts turn—remember you can make it better with bearings that have the trademark "Timken". The Timken Roller Bearing Company, Canton 6, Ohio. Cable address: "TIMROSCO". Tapered Roller Bearings, Alloy Steels and Tubing, Removable Rock Bits.



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